

هكذا نحن الآن



Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

The World's Daily Newspaper

R

London, Tuesday, December 29, 1998

No. 36,025

TODAY'S
STYLE
Fashion on page 8

Can Europe Compete And Still Create Jobs?

Business Is Wary Of 'Social' Aspect In Leftist Agenda

By Alan Friedman
International Herald Tribune

ROME — As Europe enters the new year, its center-left leaders speak increasingly of the need to reduce unemployment, bolster growth and forge economic policy in the name of the people, not corporations.

After years of fiscal austerity aimed at achieving the conditions needed to launch Europe's new currency, the euro, the buzz phrase across the Continent is the quest for a more "social Europe."

The policy agenda of the modern European left is social. Finance Minister Dominique Strauss-Kahn of France said in an interview. The rhetoric elsewhere in Europe is similar, with Chancellor Gerhard Schröder of Germany saying recently that "my Europe will be more social, more just and more democratic."

Prime Minister Massimo D'Alema of Italy is calling for a "people's Europe," based on increased public spending and job creation.

Those goals are likely to be formalized at the European Union summit meeting in Cologne in June. But many economists and business executives are wary of a "social Europe" — a catchall phrase that seeks to accomplish the twin goals of protecting the welfare state while bringing down unemployment from its current 11 percent average.

They fear it will translate into continuing high tax rates, economic sluggishness and more talk than action on creating jobs.

Economic growth is already faltering as the consequences of the Asian crisis hit Europe, cutting into exports and weakening consumer demand. Many private economists expect growth to slump from a 2.9 percent rate in 1998, a year of recovery, to just 1.5 percent to 2 percent in 1999, although official estimates are slightly higher.

By all accounts, next year will be a leaner one for Europe. The euphoria surrounding the launch of the single currency could soon be replaced by the cold reality of slower growth. Should the dollar weaken further as the U.S. trade deficit soars further in 1999, a strong euro may make it more difficult to deal with competition from recovering Asian exporters.

At the same time, the stage is set for divisions over economic policy as the new center-left governments of Germany, which will preside over both the EU and the Group of Seven nations beginning Jan. 1, seek to persuade the rest of the world to take a stronger, more interventionist role in the management of economic and monetary affairs.

The new Bonn government has repeatedly said it wants the G-7 to move toward a system of designating bands within which currencies are allowed to fluctuate, despite U.S. resistance to governments influencing the exchange rates of the euro, the yen and the dollar.

At home in Europe, meanwhile, Germany is hoping to use its six-month presidency of the EU to push for more uniform tax levels and a coordinated policy for fighting unemployment. This is in sharp contrast to the views of former Chancellor Helmut Kohl, who insisted unemployment needed to be attacked on the national level.

"This talk of a social Europe," said Thomas Mayer, senior economist at the Frankfurt office of Goldman Sachs, "is rather empty, because there are clearly differing ideas behind it."

And Mayer and other economists noted that the ideas varied greatly from country to country, from the free-market pragmatism of Prime Minister Tony Blair of Britain to the interventionist public-spending rhetoric of Finance Minister Oskar Lafontaine in Germany. Somewhere in the middle is the more flexible interpretation of "new left" economists that is the hallmark of Mr. Strauss-Kahn of France. Of the 15 EU governments, 13 now are made up of leftist or center-left parties.

Yet as European politicians attempt to translate their job-creation rhetoric into action in 1999, the driving force in European politics and in the management of the economy may not be the single currency but the daunting task set for itself by the new leftist leadership in Europe: protecting social justice and the welfare state while reducing unemployment.

"The gist of it," said Bob McKee,

Wave of Mergers Gives Policymakers Difficult Choices

By Tom Buerkle
International Herald Tribune

LONDON — With the arrival of the euro forcing companies to rethink survival strategies in a more competitive environment, merger activity across Europe is expected to jump to new heights in the coming year.

But as the number and size of mergers and acquisitions hit unprecedented levels, the new wave of corporate consolidation is bound to pose uncomfortable challenges to Europe's policymakers.

The drive to create pan-European giants in industries ranging from financial services to pharmaceuticals and aerospace inevitably means tens of thousands of lost jobs as companies eliminate overlapping activities, a high price to pay with unemployment across Europe remaining high, at around 10 percent.

A sample of what may lie ahead emerged in Germany this month when Deutsche Bank AG announced it would cut 5,500 jobs as a result of its \$10 billion acquisition of Bankers Trust Corp., provoking angry protests from unions and renewing complaints from industry that the government's ideas for creating jobs were out of synch with the demands of global competition.

"It's something that will put pressure on politicians," said Joachim Schiele, senior researcher at the Kiel Institute of World Economics in Germany. "But it's something we have to live with. If companies want to merge, who's going to stop them?"

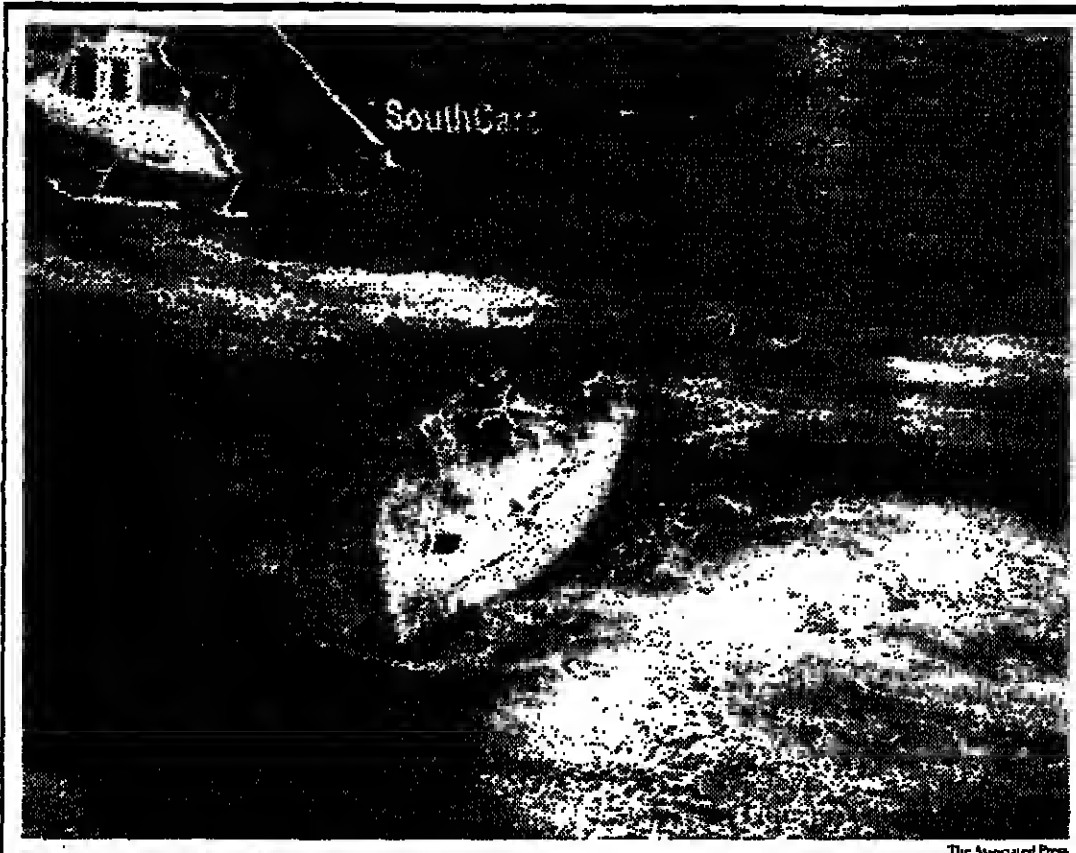
Donald Meltzer, head of European mergers and acquisitions at Credit Suisse First Boston, said the current dominance of center-left governments in Europe had decided to continue with privatizations, a process that creates a shareholder class that is more receptive to mergers.

"Are jobs a political issue? Yes," Mr. Meltzer said. "Is that political issue going to be an absolute bar to consolidation? I would say no."

The proliferation of mergers also threatens to clash with national sovereignty as some countries fear that consolidation will reduce their control over vital industries.

This fear has surfaced most notably in the aerospace and defense industry. Aerospatiale of France recently threw a new obstacle in the way of the transformation of Airbus Industrie into a single company because it feared the change would dilute French control over the aircraft maker, and Daimler-Benz Aerospace AG warned its intended partner, British Aerospace PLC, not to proceed with a merger with Britain's General Electric Co. out of concern for the company's future.

A LOOK AHEAD 1999 EUROPE



Dramatic Storm Kills 2 In Australia Yacht Race

Five-story masts snapped like toothpicks as gale-force winds and high seas created havoc in the Sydney-to-Hobart yacht race Monday. At least two sailors were killed; four more were missing in churning waters, with at least one presumed drowned. Rescue helicopters hoisted 50 others to safety. At left, Richard Winning, skipper of the Winston Churchill, is led to an ambulance in Mallacoota after being winched from a lifeboat. Above, a rescue helicopter hovers over a dismasted yacht off the coast of New South Wales. Nevertheless, the race continued. Page 19.

The Great Post-PC Debate Is On

Networked Digital Gadgets Could Clear Off Desktops

By Steve Lohr and John Markoff
New York Times Service

At a private meeting with executives of Intel Corp. in July 1995, Bill Gates, chairman of Microsoft Corp., sounded a warning. As the companies pursued their joint vision of making desktop computers that could store and crunch ever-increasing amounts of digital data, Mr. Gates predicted they would face a looming challenge.

"Once networks are extremely fast," Mr. Gates said, there would be "no reason intelligence can't be central," according to notes, taken by an Intel executive at the meeting, which were submitted as evidence in the Microsoft antitrust trial. Centralized intelligence, accessible via fast computer networks, would pose a threat to the dominant role of personal computers — the model on which Microsoft and Intel had built their lucrative businesses.

Just three and a half years later, that challenge to the personal computer seems to be at hand. Even Andrew

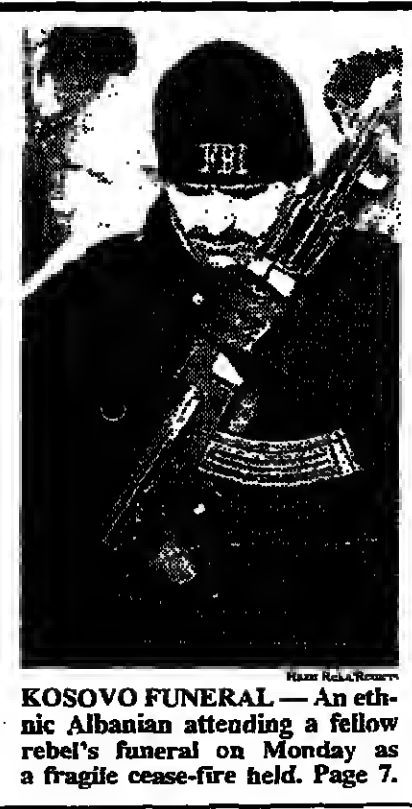
Grove, chairman of Intel, acknowledges that "the center of gravity is shifting." But whether that shift is the beginning of a revolutionary transformation or an evolutionary progression is a matter of fierce debate.

In one camp are the executives and technologists who argue that computing is entering "the post-PC era," as advances on many fronts enable a world of intelligent networks, linked by powerful hub computers, feeding data to millions upon millions of so-called information appliances.

Instead of the personal computer continuing to be the center of the computing solar system, they say, the network will become the universe. Information appliances, the post-PC proponents explain, can be thought of as personal communicators — devices that mainly send and obtain information to and from the network, instead of creating and manipulating information the way personal computers do.

See COMPUTE, Page 14

AGENDA			
Israel Schedules Election for May 17			
The Dollar			
New York	Monday 4 P.M.	previous close	
DM	1.676	1.6748	
Yen	115.86	115.975	
FF	5.621	5.616	
Pound	1.6782	1.678	
The Dow			
Monday close	percent change		
+8.76	9,226.75	+0.10%	
S&P 500			
-0.78	1,225.49	-0.06%	
Nasdaq			
+17.25	2,180.29	+0.80%	
Books	Page 8.		
Crossword	Page 8.		
Opinion	Pages 4-5.		
Sports	Pages 18-19.		
The IHT online: www.ih.com			



KOSOVO FUNERAL — An ethnic Albanian attending a fellow rebel's funeral on Monday as a fragile cease-fire held. Page 7.

'New Era' of Treatments For Arthritis Is Dawning

By Justin Gillis
Washington Post Service

WASHINGTON — A new generation of arthritis treatments emerging from U.S. research laboratories holds out hope for millions who suffer from one of humankind's oldest and most exasperating afflictions.

The treatments, some of which are already on the market, are particularly important to 2.1 million Americans, including 71,000 children, who have a form of the disease called rheumatoid arthritis. The disease can destroy joints and cause lifelong pain, but treatments are having such striking effects that some people with this disease have stopped using wheelchairs or walkers and resumed active lives.

Alyce Kelso, 63, used to work 10 or 12 hours a day as a bus driver. But then her immune system went haywire and began attacking the joints in her body.

As her rheumatoid arthritis worsened, she had to stop working, and eventually she needed a wheelchair or walker to get around her home in Rochester, New York. She feared that she would waste away in a rocking chair.

"I was just in pain every day of my life," she said.

Desperate, she enrolled in a study testing one of the first drugs for rheumatoid arthritis produced by the budding U.S. biotechnology industry. Last year she started injecting herself twice a week with the compound Enbrel.

The results were electrifying. In weeks her swollen joints shrank, most of her symptoms cleared up and the pain dissipated. She canceled two surgeries to alleviate problems in her elbow and toes. The wheelchair and the walker fell by the wayside.

Rheumatologists — doctors who spe-

See ARTHRITIS, Page 6

Post-Cold War Puzzle: Has Russia Really Given Up Germ Weapons?

By Judith Miller and William J. Broad
New York Times Service

NEW YORK — Just as the Soviet Union was ending its confrontation with the West in the late 1980s, the military officers who ran Moscow's secretive germ-warfare program ordered up new, much deadlier arms.

At a remote laboratory complex in the then-Soviet republic of Kazakhstan, Russian scientists began animal testing of the Marburg virus, a highly contagious germ that kills by attacking every organ and tissue in the body.

This secret testing, described recently by several veterans of the Soviet program, went undetected at

the time by Western intelligence agencies, which knew few details of the plan's operations.

Kazakhstan gave up nuclear, biological and chemical weapons soon after it became independent seven years ago, and it permitted American experts and a handful of reporters to visit the plant. From their observations, and from Soviet defectors, the West has finally learned what was unfolding there in the final years of the Cold War.

The belated discovery of this exotic arms research is one of the elements of a fierce dispute in Washington over whether the Russian military is heading President Boris Yeltsin's 1992 order to abandon germ warfare.

Similar fears loom about Iraq. With the apparent

end of United Nations inspections there, the West is trying to track Baghdad's germ-warfare work with satellites and, perhaps, spies — the same methods that failed to unmask the Soviet program.

American officials contend that Russia no longer poses a major threat. Western experts have visited most of its key civilian laboratories, and officials disclosed that Russia had recently moved closer to allowing Western experts to visit its closed military installations, a crucial step that could dispel many of the lingering doubts about Moscow's activities.

American officials also assert that much of what they now understand about the Soviet Union's germ

weapons has been gleaned through Western aid programs designed to foster peaceful research projects. Those projects also pay salaries to former germ scientists, lending off what officials say is the gravest danger from the Soviet program — recruitment of scientists by rogue states or terrorists.

But some U.S. officials, as well as some Republicans in Congress, assert that Russia is still secretly researching germ weapons. Congress recently cut spending on cooperative exchanges with Russian germ scientists from \$14 million to \$7 million, both because of persistent doubts about Russian intentions and to punish Moscow for selling

See RUSSIA, Page 7

Newstand Prices	
Bahrain	1,000 BD Malia
Cyprus	€ 1.00 Nigeria
Denmark	17 DKr Oman
Finland	12.00 FM Qatar
Gibraltar	€ 0.85 Rep. Ireland
Great Britain	£1.00 Saudi Arabia
India	€ 5.50 S. Africa
Japan	1,250 Yd U.A.E.
Kenya	SH 180 U.S. MA (Excl)
Kuwait	700 Fils Zimbabwe

9 770294 805124

Jeannie Rousseau / Young French Interpreter

An Unlikely Spy Uncovered Hitler's Last Secret Weapon

By David Ignatius
Washington Post Service

LE DERE, France—Like so many things that matter, it began with an accident. The young woman was riding a night train from Paris, heading south toward Vichy, when she ran into an old friend. There were no seats on the train, so they stood in the corridor, talking quietly under the dim light of a flickering blue bulb.

Their conversation was understated, careful, dangerous. It was 1941: France had been overrun by the Nazis. Britain had been battered by the Blitz, and the Third Reich looked invulnerable. Jeannie Rousseau, 21, had already been caught once by the Nazis and thrown into a prison on spying charges—and then released because they lacked proof. Georges Lamarque remembered her from the University of Paris, where she had finished first in her class and had shown a special gift for languages, especially German. He was a mathematician by profession—and now, a spy by circumstance.

The chance meeting on the night train would lead Jeannie Rousseau to join Mr. Lamarque's operation and become one of the most effective—if unheralded—spies of World War II. Her precise reports on Germany's secret military plans, particularly the development of the V-1 flying bombs and V-2 rockets, helped persuade Prime Minister Winston Churchill to bomb the test site at Peenemunde and blunted the impact of a terror weapon the Nazis had hoped would change the course of the war. Her exploits later landed her in three concentration camps, which she survived without ever disclosing the great secret she had stolen from the Germans.

The young woman who dared to become a spy is now sitting in the garden of her summer home near La Rochelle, on the Atlantic coast. She is 79, widowed, dressed in a simple blue shirt and trousers, with close-cropped silver hair swept back from her tanned face. She is still a beauty—the sort of woman who, as a younger male friend remarked, makes you wish you were 25 years older.

"After the war, the curtain came down on my memories," she said. Like many genuine heroes, she seems to regard her accomplishments almost as an embarrassment. "What I did was so little," she protested. "Others did so much more. I was one small stone."

At first she balked at describing these long-ago events. Yet even as she demurred, she was remembering. During the war, she said, she had been blessed with a photographic memory. It was part of what made her such a good spy. But now all the images were fading, and soon they would be gone entirely. She might as well talk about it, before she forgot.

She knew just where to begin. "It started with my father," she said. Jean Rousseau was a distinguished French civil servant who had fought in World War I and later traveled widely in the Near East for the Foreign Ministry. Jeannie was his only child, and as she remembers it, he didn't speak to her until she was 12 or 13, when he concluded that she had something worthwhile to say. After retiring from the civil service, he became mayor of the 17th arrondissement of Paris, a fashionable district near the Arc de Triomphe where the family had an apartment on the Rue Joffroy.

When the Germans invaded in June 1940, Mr. Rousseau decided to move the family and the arrondissement's archives to the coastal village of Dinard in Brittany, near Saint-Malo—where he apparently thought the Germans would never reach. But the Nazi troops soon arrived by the thousands, preparing for a possible invasion of Britain. The mayor of Dinard, who lived next door to the Rousseaus, was desperate for someone who could speak German and provide a liaison with the army command. Mr. Rousseau volunteered his daughter.

The next morning, she put on her sterner blue suit and white shirt and went to meet the senior German officers. They delighted in her company, offering her gifts and walks on the beach—all of which she refused.

"The Germans still wanted to be liked then," she recalled. "They were happy to talk to someone who could speak to them." And talk they did—about names and numbers and plans, all the things that older men imprudently let themselves discuss with a pretty young girl who speaks such good German. (She paused to reflect: "At the time, I spoke so

fluently I could pass for German if I wanted, but it has disappeared. I can't speak a word now. Isn't that strange?")

One day in September 1940, a man from the nearby town of Saint-Brieuc came to visit. He asked if she would be willing to pass along information she heard in her meetings with the German officers. Her answer, then as later, was automatic. "I said, 'What's the point of knowing all that, if not to pass it on?'"

Soon, the British were receiving so much intelligence about German operations in the Dinard area that Nazi spies in London reported that there must be a well-placed agent there. Jeannie was arrested by the Gestapo in January 1941 and held at the Rennes prison. A German Army tribunal examined her case, but the officers from Dinard insisted that their charming translator could not be a spy, and she was released. Her only punishment was an order to leave the coast.

She went immediately to Paris. She had learned an essential lesson about espionage, which is that it pays to listen. Now she looked for a new job that would give her access to truly sensitive information, a job "that would take me into the lion's den, which was where I wanted to go." Soon enough, she said, "I found an amazing piece of work."

The French industrialists syndicate, a sort of national chamber of commerce, needed a translator at its offices on the Rue Saint-Augustin. Jeannie took the job and soon became the organization's top staff person—which meant she met regularly with the German military commander's staff, based at the Hotel Majestic. She would visit the Germans

Jeannie Rousseau at age 23, the time of her espionage.

one of the great secrets of the war. "I understood that it was very serious. That was also Georges' opinion. He said, 'Pursue it, go into it! Don't allow that piece of thread to be cut.'"

But how did she get them to talk? Why did these senior officers, responsible for developing a weapon that could change the course of the war, betray the secret to a 23-year-old girl? She insists she never played any "Mata Hari games"—she never traded sex for information. Instead, it was a matter of her cunning and their gullibility.

The German officers were a close-knit group, she said, and they would gather often in the evenings at a house on the Avenue Hoche. "I pass it on now and then, and I wonder, which house? I can't remember." They would drink and talk, often in the company of their beautiful French friend who spoke such good German—whom they all wanted to sleep with, and probably liked all the more because she always refused. They would talk freely among themselves about their work, and though they generally wouldn't talk to Jeannie directly, they didn't mind her being there.

"I had become part of the equipment, a piece of furniture," she recalls. "I was such a little one, sitting with them, and I could not but hear what was said. And what they did not say, I prompted."

How does one "prompt" occupying forces to reveal military secrets? She explained: "I teased them, taunted them, looked at them wide-eyed, insisted that they must be mad when they spoke of the astounding new weapon that flew over vast distances, much faster than any airplane. I kept saying: 'What you are telling me cannot be true! I must have said that 100 times.'"

"I'll show you," one of the Germans said. "How," I asked, and he answered: "It's here on a piece of paper!"

So the German officer displayed a document explaining how to enter the test site at Peenemunde, the specific passes that were needed and what color each one was. Jeannie, with her photographic memory, recorded each word in her mind. Her friends were so trusting, and so eager to impress, that they even showed her drawings of the rockets.

After these sessions with her German "friends," Jeannie would make her way to Mr. Lamarque's safe house at 26 Rue Fabert, on the Left Bank near Les Invalides. She would sit down at the kitchen table and write out what she had heard, word for word. "I would absorb it like a sponge. I wasn't asked to paraphrase, or to understand."

By September 1943, Jeannie had gathered enough information about the V-2 rockets to send a detailed report to England. Mr. Lamarque sent along a foreword that said, in effect: "This material looks preposterous. But I have total faith in my source." The text of her report appears in the book "The Wizard War" by Reginald Jones, the chief of Britain's scientific intelligence efforts during the war. It helped persuade the British to bomb Peenemunde and to prepare in other ways to meet the threat of the German missiles.

The British were so struck by Jeannie's reporting that they decided in spring 1944 to bring her to London for debriefing. But she was captured with three other French agents in a botched departure from the coastal town of Treguier, in Brittany.

The Germans first took her back to the same prison at Rennes where she had briefly been detained in 1940. This time, her papers identified her as "Madeleine Chaufer." Amazingly, no one realized that this was the same woman who had been arrested four years before and released. She was transferred briefly to a larger prison near Paris, then sent on to the Nazis' main concentration camp for women at Ravensbrück. When she was at last freed, she weighed little more than 32 kilograms (70 pounds).

Jeannie tried to get on with life after the war. She put her language skills to use as an interpreter for the United Nations and other international organizations. She dodged most reporters and historians, but in 1993 she accepted a special medal from James Woolsey, then the director of the CIA. The citation lauded her "for brilliant and effective espionage, and for courage that is truly awe-inspiring."



Jeannie Rousseau at the 1997 christening of a boat owned by the former CIA director James Woolsey. The vessel is named "Amnirix," her World War II code name.

almost every day to discuss commercial issues—complaints that the Nazis had commandeered inventories, offers to sell strategic goods such as steel and rubber to the Germans. She was accumulating a vast amount of basic intelligence, but it was going to waste. ("I was storing my nuts, but I had no way to pass them on.")

THE OPPORTUNITY came in that chance encounter with Mr. Lamarque on the night train. He recognized her immediately from the faculty of science and politics, where she had finished first in her class in 1939. What was she doing now, he wanted to know.

She told him of her job and how it brought her into regular contact with the Germans. Mr. Lamarque said he was building "a little outfit" that was gathering intelligence.

"Would you like to work for me?" Mr. Lamarque asked. She instantly answered yes.

Hurriedly, she told him there were certain offices and departments at the Hotel Majestic that were out of bounds because the Germans were working on special weapons and projects. She thought she could manage to get into those restricted areas.

And so it began. Mr. Lamarque made her part of his small network, known as the Druids, and gave her the code name "Amnirix." The information was there for the plucking. "It was very simple," she said. "I used my memory. I knew all the details about the plants and commodities in Germany. We were building up knowledge of what they had, what they did; we could keep an eye on what they were doing—'we' being me. And I couldn't be dangerous, could I?"

As luck had it, she soon met several German officers who had been her friends at Dinard—the people who couldn't imagine that she would ever do anything wrong. They were now working on secret projects, and they, in turn, introduced her to their friends. By 1943 Jeannie was overhearing the most sensitive possible information—tales of special weapons that were being designed in eastern Germany. She suspected that she had stumbled upon

War Makes Angola A 'Postponed Country'

New Fighting Creates Humanitarian Crisis

By Lynne Duke
Washington Post Service

LUENA, Angola—Zita Camigui fidgets nervously, her gaze cast to the ground, as she tells what Angola's dirty war has done to girls like her.

Kidnapped by UNITA rebels and moved from base to base for four months, Miss Camigui and seven other girls, aged 13 to 19, were used by the rebels for cooking, cleaning and rape. "Some of us were used like women," Miss Camigui, 16, explains shyly, days after fighting at a UNITA base gave her group a chance to escape to a refugee camp here.

With the upsurge in fighting in recent weeks, press-gangings of civilians is not unique to the National Union for the Total Independence of Angola, known by its Portuguese acronym, UNITA. Mothers fear for their sons as the government army seizes young men for forced military duty. Amid so much gunfire that locals thought the war had come to Luena, army troops went house to house in the dark of night last week to search for youths and then sent truckloads of them off to battle—no doubt as cannon fodder, a diplomat said.

These practices are a testament to the desperation of the Angolan civil war and the failure of diplomacy to solve this seemingly unresolvable conflict, which has ebbed and flowed for more than 20 years. Fighting around key cities in recent months—the heaviest in four years—has shattered the 1994 Lusaka Peace Protocol, set back embryonic efforts to stabilize a brutalized nation and created hundreds of thousands of homeless people in what the United Nations calls a "rapidly spreading humanitarian crisis."

The escalation began with a government assault this month on the headquarters of the UNITA guerrilla leader Jonas Savimbi. Generalized fighting has broken out since then in other regions of the country. With government troops controlling the towns and UNITA rebels controlling much of the countryside, it is a war that neither side can win decisively, several analysts said, even though each side appears committed to trying.

The conflict's roots go back to well before Angola's independence, from Portuguese colonialism in 1975, when separate liberation armies coalesced around regional and ethnic rivalries. After independence, the war became a Cold War proxy fight. The United States supported UNITA, and the former Soviet Union supported the Popular Movement for the Liberation of Angola, now the ruling party, under President José Eduardo dos Santos.

When the Cold War paradigm broke down in the early 1990s, the fight became a raw quest for power. Today this nation of 12 million watches helplessly as its vast resources—sorely needed for social improvement—are plundered ever more deeply by more war. Oil revenues fuel Mr. dos Santos's government, diamond revenues finance Mr. Savimbi's rebels, and officials on both sides profit personally from what one analyst here called a "postponed country."

So long has war dragged on that, for many, it has become the central feature of Angolan life. Its causes obscured by time.

"I am not able to explain what the war is about because when I was born it was already here," said Rita Anita, born in 1963. Fed by the World Food Program, which is stockpiling food in Luena in case the towns get cut off, Ms. Anita lives at a sports pavilion now along with her seven children and 800 other people from her village. Muxilindjindji, who were forced to flee with no belongings this month when UNITA stormed through.

About 800 kilometers (500 miles) southeast of Luena, the capital, in sparsely populated Mexico Province, Luena is a faded junction for a railroad ruined by war. It is one of many government-controlled cities that is braced for a UNITA attack. Despite the fear of land mines sown around the town and on roads, it is to Luena that people, including entire villages, are streaming

from the hinterlands. About 50,000 people are hunkered down in the Boma camp for displaced people, as well as at the train station, museum and sports pavilion.

It is the same in Huambo, Malange, Kuito and Uige—some of the urban centers where more than 400,000 new war refugees have been counted in recent months, adding to the million-plus people displaced during previous years of war. All told, more than 20 years of war have forced 10 percent of Angolans from their homes and left more than 500,000 dead.

Though Mr. dos Santos's government is not without blame for the resumption of fighting, the United Nations says UNITA is largely at fault for the breakdown of the Lusaka accord.

Supervised by the United Nations, the United States, Portugal and Russia, the accord provided a step-by-step formula for ending the conflict and integrating the warring parties into a unity government.

Mr. Savimbi appeared to accept it but cooperated only partially while rearming, remobilizing and retaking one-third of the towns he had ceded to government control.

Several rounds of UN and U.S. sanctions against UNITA—prohibiting traffic in arms, diamonds and oil, as well as freezing its foreign assets and banning members' overseas travel—have had little effect on Mr. Savimbi's military capability.

This month, Mr. dos Santos told his party congress that the government would "conquer a definitive peace" by seeking Mr. Savimbi's "political and military neutralization."

TRAVEL UPDATE

Bad Weather Closes Airports in Greece

ATHENS (Reuters)—Dense fog shut down Greece's northern international airport in Thessaloniki on Monday, the Athens News Agency reported.

One flight from Athens to Belgrade that was due to stop in Thessaloniki was canceled, the agency said. An Athens-London and an Athens-Munich-Stuttgart flight went ahead, but skipped a scheduled stop in the northern Greek city. Greek radio reported that local airports in Florina, Kastoria and Ioannina were also closed by bad weather.

Arc de Triomphe Staff Strikes for Third Day

PARIS (AFP)—The Arc de Triomphe, one of the most popular tourist attractions in Paris, was closed for the third day Monday due to a strike by staff. Staff walked off the job Saturday demanding extra personnel to help visitors and ensure security.

The strike is the latest to hit a string of Paris monuments and museums in the past weeks, including the Musée d'Orsay, the Louvre and the Grand Palais.

TWA Cancels Flights

ST. LOUIS, Missouri (AP)—About 20 Trans World Airlines flights were canceled Sunday after a "sickout" by flight attendants forced the airline to cancel more than 200 flights during the holiday weekend.

Dozens of disgruntled flight attendants had called in sick, paralyzing the airline's St. Louis hub on Christmas Eve and Christmas Day. The flight attendants are seeking a new contract that would bring their wages closer to those at other major airlines.

The Indonesian government is planning to shut down 54 remote airports throughout the country in a move to lower costs because of the economic crisis, according to news reports. There are 158 small airports in remote areas throughout the sprawling archipelago nation of 17,000 islands. (AP)

7 Killed as Harsh Winds Lash Britain and Ireland

DUBLIN — Violent storms killed seven people in Britain and Ireland over the weekend, and strong winds were set to return, officials said Monday.

Electric service was restored to 100,000 homes in Ireland, but 60,000 households remained without power Monday after the worst damage in 35 years.

Meteorologists in Dublin said strong winds would return Tuesday but they were unlikely to cause the kind of havoc of the weekend storm.

when winds reached 109 miles (177 kilometers) an hour in County Donegal—the strongest since Hurricane Debbie in 1961.

Michael Joyce, 26, a rising star show jumper, was killed when a tree fell on his car in western Ireland. His girlfriend survived the accident.

A 29-year-old man died in Donegal after falling off a ladder while trying to repair a roof, police said.

Police in Northern Ireland said a 24-year-old man from near Belfast died Sunday

WEATHER

Forecast for Wednesday through Friday, as provided by AccuWeather.

Europe				Asia			
Today	High	Low	Forecast	Today	High	Low	Forecast
Algeria	14	10	14	Algeria	14	10	14
Amsterdam	14	10	14	Amsterdam	14	10	14
Antwerp	14	10	14	Antwerp	14	10	14
Athens	14	10	14	Athens	14	10	14
Batavia	14	10	14	Batavia	14	10	14
Bombay	14	10	14	Bombay	14	10	14
Buenos Aires	14	10	14	Buenos Aires	14	10	14
Calcutta	14	10	14	Calcutta	14	10	14
Canton	14	10	14	Canton	14	10	14
Cebu	14	10	14	Cebu	14	10	14
Colon	14	10	14	Colon	14	10	14
Hankow	14	10	14	Hankow	14	10	14
Hong Kong	14	10	14	Hong Kong	14	10	14
Kobe	14	10	14	Kobe	14	10	14
London	14	10	14	London	14	10	14
Lyons	14	10	14	Lyons	14	10	14
Manila	14	10	14	Manila	14	10	14
Medan	14	10	14	Medan	14	10	14
Osaka	14	10	14	Osaka	14	10	14
Paris	14	10	14	Paris	14	10	14
Peking	14	10	14	Peking	14	10	14
Rangoon	14	10	14	Rangoon	14	10	14
San Francisco	14	10	14	San Francisco	14	10	14
Shanghai	14	10	14	Shanghai	14	10	14
Singapore	14	10	14	Singapore	14	10	14
Sourabaya	14	10	14	Sourabaya	14	10	14
Tientsin	14	10	14	Tientsin	14	10	14
Yokohama	14	10	14	Yokohama	14	10	14

Lost your MasterCard® card? Can't find a cash machine? Help is just one call away.

For 24-hour cardholder assistance, call MasterCard Global Service™. Anytime. Anywhere. Any language.

Call toll-free: United Kingdom: 0800-96-4767 Germany: 0130-81-9104
France: 0-800-90-1387 Italy: 1678-70866 Spain: 900-97-1231



*In other countries, call directory assistance or ask your hotel concierge.

THE AMERICAS

University of Chicago's Halls of Academia Search for New, Modern Identity

By Ethan Bronner
New York Times Service

CHICAGO — Ever since its creation on the South Side of Chicago in 1892 with a pile of Rockefeller money and a group of top-flight scholars, no academic institution has exemplified intellectual seriousness quite like the University of Chicago.

More Nobel Prizes — 70 — have been awarded to professors and students here than at any other university; its faculty famously declined to grant Queen Elizabeth II an honorary degree because of her lack of scholarly credentials; its undergraduates take two full years of prescribed core courses, including calculus

and physics and a tough set of humanities and social-science classes.

But with the increasingly common view of colleges as stations for employment credentials, students as customers, and learning for its own sake as a quaint idea whose time has passed, the University of Chicago is in the midst of a painful identity crisis, closely watched by educators across the United States.

Partly to make the university more attractive to high school seniors, to make it seem less of a grind, it is reducing its core curriculum and increasing its recreation and service facilities.

"I don't know how many students we can attract if we go after those who only seek the life of the mind," said Michael

Behnke, a new vice president hired to improve marketing and recruitment. "Kids aren't sure they can lead a balanced life here. My job is to convince them that they are not joining a monastery."

Those are fighting words to some at Chicago, who consider the university's cloistered approach to learning and its insistence on a tough common core to be its sources of pride and mission in a world of increasingly instant gratification.

Many colleges have gone through versions of this debate at different times. In the late 1960s, a number of colleges greatly reduced their core curriculums to make room for less traditional courses and more individual tailoring. Brown University, which has no core requirements,

is among the best-known examples. But Chicago, where Robert Maynard Hutchins, an American educator and former president of the university, reinvented undergraduate education in the 1940s, likes to think of itself as marching to its own drummer rather than shifting to accommodate changing fashions.

"Why change Chicago's academic fabric, its uniqueness, which is its appeal, and make it like any other institution?" said Bradley Henderson, 19, a second-year student from Cincinnati who plans to focus on English and international relations. "Why not market that, accentuate that? They're putting their emphasis on issues on which we can't compete."

The problem is that applications and

endowments may be skyrocketing at "hot" universities like Brown and Duke, but Chicago is facing few applicants, a relatively high dropout and transfer rate and a crumbling physical infrastructure crying out for big expenditures.

In the hope of improving its finances through tuition payments now and alumni giving in years ahead, Chicago is increasing its undergraduate population by 1,000 students, to 4,500, over 10 years.

Some of those who consider Chicago's size and curriculum to be appropriate say they worry about the kind of school the changes will make it.

Bertram Cohler, a professor of psychology and education, put it this way: "This is a dirty, intense place in a grubby

city. You can only smooth some of its rough edges. Of course, we want some students who will join the Junior League, but also those who don't shave, have bloodshot eyes and read Kierkegaard at 3 in the morning."

Nobody at the university opposes reading Kierkegaard at 3 in the morning. Even its most ardent reform advocates say they are seeking to ensure Chicago a long and healthy future, to preserve, not destroy, its rigor and unique intellectual environment. But to do so, they say, requires change.

"Curriculum design at Chicago is a contact sport, and that is just as it should be," said Hugo Sonnenschein, the president of the university for the past five years.

"Chicago has a special role and responsibility because it has a reputation as embodying what a great university should be," he added.

But the commodification and marketing of higher education are unmistakable today, and we can't jolly dance along and not pay attention to them. One hears constantly from parents and students: 'We are the consumer. We pay the tuition.'

POLITICAL

Political Donations Flying in New York

NEW YORK — More money than ever is pouring into New York state and local election campaigns, but the system of regulating these funds to curb their influence on politics and policy has all but broken down.

Porous laws, feeble enforcement and a political class increasingly adept at sidestepping the rules have left the system with few constraints, even by comparison with those of other states and the federal government, according to a review of campaign documents and interviews with elected officials and others.

New York has rejected many of the laws adopted elsewhere, from bans on donations by corporations and labor unions to publicly financed campaigns. An analysis of contests this year, the most expensive in state history, shows a virtual free-for-all of donating and spending.

The financier Ronald Perleman channeled more than \$200,000 over two days in August to Governor George Pataki's campaign, using a common loophole to give more than seven times the legal limit for an individual donor.

A Long Island company, Silverite Construction, gave at least \$20,000 over the legal limit — just as it was awarded a \$97 million state contract. The company was not punished.

In spring, a Kentucky-based manufacturer of computer printers, Lexmark International, donated \$45,000 to three Republican committees while it was trying to defeat a bill that threatened its business. The legislation, died in the Republican-controlled state Senate. The money, said a company spokesman, Jim Joseph, "helps you get someone's attention." (NYT)

U.S. Bureaucracy Numbers 17 Million

WASHINGTON — Nearly 17 million people directly and indirectly work for the U.S. federal government, about eight times more than the typical head count used to describe the size of the bureaucracy, according to research by a Brookings Institution scholar. The estimate of a total federal work force comes from Paul Light, director of the Center for Public Service at Brookings, who has studied government operations and reform efforts for several years.

In calculating the government's size, using 1996 data, Mr. Light began with 1.9 million full-time civilian federal workers and added in 1.5 million uniformed military personnel and \$50,000 Postal Service employees. He then measured the so-called shadow workers who act on behalf of the federal government. Mr. Light figured that the government's \$200 billion in contracts in 1996 created 5.6 million jobs, its \$55 billion in grants created another 2.4 million jobs and its regulatory mandates encompassed 4.7 million jobs in state, county and city governments. (WP)

Quote/Unquote

The former White House spokesman Michael McCurry on finding suitable punishment for President Bill Clinton beyond impeachment: "For someone who loves the presidency and loves that White House and is a student of it, that will hurt him a lot more than he's down in Little Rock at his library." (Reuters)

Away From Politics

• Southern sea otters appear to be diminishing in number at a rate that perplexes scientists. A survey by the biological resources division of the U.S. Geological Survey showed 1,937 otters along 300 miles (500 kilometers) of the central California coast, a 12 percent decrease since autumn 1997. (NYT)

• More than 750 people were quarantined after the police received a call claiming that the deadly bacterium anthrax had been released in a popular Pomona nightclub in suburban Los Angeles. But the call is believed to be the sixth anthrax hoax in the area in two weeks, officials said. (LAT)

• Four days after an ice storm crippled electrical service across the South, about 93,000 homes and businesses, mostly in central Virginia, had no power, and at least 17 localities had declared states of emergency. (AP)

Censure of Clinton Is Likely, Key Senators Say

By Tim Weiner
New York Times Service

WASHINGTON — President Bill Clinton's impeachment trial will proceed, but the likely result will be censure, not conviction and removal from office, according to several senators.

"We'll have a trial and there will be censure and then, God willing, there'll be closure," said Senator Daniel Patrick Moynihan, Democrat of New York.

Senators making the talk-show rounds Sunday said in varying ways that a trial was inevitable, and some said a vote on the two articles of impeachment passed by the House of Representatives must take place.

But none of them expressed the belief that Mr. Clinton could be convicted by the constitutionally required two-thirds majority of the Senate, or 67 votes.

"We're going to have to probably begin the trial," said Orrin Hatch, the Utah Republican who is chairman of the Senate Judiciary Committee. He added, "At that point, I think if our colleagues on the other side show that there are at least 34 people who will never vote for impeachment or conviction," the best option would be censure.

"I don't think anybody would deny the statement that we probably don't have a two-thirds vote to convict the president," said Mr. Hatch, speaking on CBS. "Then it seems to me we're going to have to do what is the next best thing, and that is point out to the American people how really bad his actions were."

The Senate minority leader, Tom Daschle of South Dakota, said on NBC that there was "a sense among many senators that while the offenses may not reach the impeachable level, there is some sanction that should be applied here, some form of punishment, and censure is a very serious, very historic and rare, form of punishment that ought to be considered."

No senator predicted that the extraordinary business of putting a president on trial, which has taken place only once in U.S. history, was likely to end in Mr. Clinton's conviction and removal from office.

"We ought to vote on these articles of impeachment, and then that is the appropriate time to consider a censure," Senator Mitch McConnell, Republican of Kentucky, said on Fox Television. "Assuming neither of those articles pass," he



President Bill Clinton and Hillary Rodham Clinton chatting with Yen Wong, owner of the Golden Palace restaurant, after eating lunch in Washington. The Clintons then took a stroll and greeted people along the street.

said, members of the Senate must "negotiate the censure alternative."

Mr. Hatch and Mr. McConnell both said that a trial involving lengthy and potentially embarrassing appearances by witnesses like Monica Lewinsky and Linda Tripp was unnecessary.

"There's no reason for this to take three to six months," Mr. Hatch said. "It could, if people start calling witnesses, but I don't see any reason to call those witnesses. I think the president has already admitted to some very terrible things."

Mr. McConnell said, "It's not at all clear to me that we have to put on a sort of public show trial and bring all of these

rather infamous characters in to testify before the American public."

And Senator John Breaux, Democrat of Louisiana, said that "a long-drawn-out, protracted debate and long-drawn-out trial complete with witnesses ends up punishing the country more than it punishes the president."

The sentiment among many Democrats in the Senate is in favor of censure. Many senators on both sides of the aisle have said they want some form of trial on the charges of perjury and obstruction of justice stemming from the president's relationship with Ms. Lewinsky, which were passed in a vote along party

lines by the House of Representatives.

Some have said they feel obliged to take the matter to trial following the House vote. All are aware of the prevailing public sentiment that the matter should be brought to a close.

"I think the American people have told us that they want some place where Bill Clinton can be held accountable, where he can atone for what he has done, where he can get the punishment that he is due," the president's former spokesman, Michael McCurry, said.

The blot of impeachment will always be with Clinton, Mr. McCurry added, no matter what course the Senate takes.

ASIA/PACIFIC

Hun Sen Urges Welcome for Pol Pot Aides

By Seth Mydans
New York Times Service

PHNOM PENH — Defying international pressure to put key leaders of the Khmer Rouge on trial, Prime Minister Hun Sen said Monday that they should be welcomed "with bouquets of flowers, not with prisons and handcuffs."

Preparing to greet two of the last Khmer Rouge leaders, Khieu Samphan and Nuon Chea, at his home Tuesday, Mr. Hun Sen said a trial would only reopen old wounds and lead to possible instability.

"We should dig a hole and bury the past and look ahead to the 21st century with a clean slate," he said.

Both of the defectors were at the very top of the Khmer Rouge hierarchy from 1975 to 1979, when more than 1 million people died. They are among the last of the movement's leaders to give up the struggle, and Mr. Hun Sen did not rule out a future Khmer Rouge trial, saying it was an issue for the judiciary — which he controls — rather than the executive branch to decide.

The defections of Mr. Khieu Samphan and Mr. Nuon Chea leave only one major figure at large, Ta Mok, known as "the Butcher," who seems to be as unpopular among his comrades as he is among his enemies. Mr. Hun Sen said

Monday that he would extend no welcome to Mr. Ta Mok. The main Khmer Rouge leader, Pol Pot, died in April. If the last two defectors, along with earlier ones like the former Khmer Rouge foreign minister, Ieng Sary, are not brought to trial, Mr. Ta Mok — if he is captured — could be the sole Khmer Rouge figure to be held accountable.

This is not the way Mr. Hun Sen has talked in the past. In June 1997 he signed a formal letter requesting help from the United Nations in preparing for a trial for crimes against humanity.

In an interview this weekend, Thomas Hammarberg, the UN official who monitors human rights in Cambodia, said Mr. Hun Sen had repeatedly assured him that he planned to proceed with a trial. "He said, 'I agree completely that there must be justice,'" Mr. Hammarberg said. "I promise you that no one will be spared." He told me this several times.

It is only in the past two months that Mr. Hun Sen has achieved full control of the Cambodian government, after years of struggle against political opponents. His stance Monday seemed to reflect a desire to avoid situations that could get out of control.

In addition, his words echoed a widespread feeling among many Cambodians who are exhausted from decades of conflict and prefer not

to stir up the demons of their past.

"If a wound does not hurt, you should not poke at it with a stick to make it bleed," Mr. Hun Sen said. "If we put these two men in prison, will this benefit society or lead to civil war?"

This sentiment clashes with a strongly held belief outside the country that ignoring a wound will not make it go away and that it cannot heal until it is treated, even if the cure is painful.

Foreign human rights workers, along with some Cambodians, argue that a "culture of impunity" that has its roots in the unresolved cases of Khmer Rouge leaders is to blame for much of the country's lawlessness and violence.

In Washington, a State Department spokesman, Lee McCleary, said Sunday, "Justice in Cambodia has been long delayed but must not now be denied."

Sidney Jones, Asia director of Human Rights Watch, said in Washington that Mr. Khieu Samphan and Mr. Nuon Chea could be pardoned after a trial in the interest of national reconciliation if that is what Cambodians choose. "But," he said, "to allow these men to return to society as if they were one of the worst mass murderers of the 20th century never took place — that's unthinkable."

Mr. Nuon Chea, 71, who was "Brother Number Two" under Mr. Pol Pot, and Mr. Khieu Samphan, 67, who was the official head of state, came in from the cold Saturday and joined a community of defectors in the remote town of Pailin.

Both had spent most of their lives as revolutionaries, alongside Mr. Pol Pot. Mr. Khieu Samphan, the public face of the movement, returned to Phnom Penh once before, in 1991, and was attacked by a mob organized by Mr. Hun Sen's government. Mr. Nuon Chea was the man whose idea of creating a primitive agrarian society led to the forced evacuation of the cities and the massacres of the country's educated classes.

A large number of former Khmer Rouge leaders are now nominally within government control in Pailin and elsewhere and are available for capture and trial, after more than two years of defections.

But Mr. Hun Sen said the two latest defectors should be greeted with an embrace for giving up the fight. "They will not come tomorrow with the political and military agenda of the Khmer Rouge," he said. "They will come as simple citizens, bringing their wives and children and grandchildren. There's nothing for anyone to worry about."

BRIEFLY

Violence in 2 Indonesia Towns

JAKARTA — Mobs armed with sickles and swords batted each other and hurled gasoline bombs at buildings in an Indonesian town on Monday. At least 22 people were injured, and hundreds of residents fled their homes.

In a separate incident, policemen in Deli Serdang on Sumatra island fired plastic bullets at peasants who were arguing over cultivation rights with the owners of a state-owned farm. At least six people were injured.

The riots by sword-carrying mobs in the town of Poso on Sulawesi island were touched off by weekend brawls between rival gangs of youths. The unrest escalated partly into attacks on the homes of migrants from the main island of Java. But the motive for much of the violence was unclear, with mobs attacking stores and houses at random. (AP)

Talks on Japan Coalition Stall

TOKYO — Cracks widened in a deal to form a coalition government Monday, when a top opposition leader said the governing party was not serious about cutting a deal.

The governing Liberal Democratic Party and the opposition Liberal Party had been expected to wrap up a coalition deal soon. But the talks have stalled over how far to expand the participation of Japanese troops in missions backed by the United Nations. The LDP wants to limit Japan's military to logistic support, while the Liberals want to let troops participate more fully in UN operations.

Ichiro Ozawa, the leader of the Liberal Party, suggested that the LDP lacked the will to complete an agreement with the opposition. The dispute forced the postponement of a meeting between Mr. Ozawa and Prime Minister Keizo Obuchi. (AP)

For the Record

A mob torched a Pentecostal prayer hall in western India amid a spate of violence against Christians, the police said Monday. Some Christians blame extremist Hindu activists for the attacks on churches and a missionary school in Ahwa, some 280 kilometers (175 miles) south of Ahmedabad. The World Hindu Council denied any role in the attacks and said forcible religious conversions had provoked the violence. (Reuters)

Pakistani authorities blocked former Prime Minister Benazir Bhutto from traveling to Dubai on Monday to visit her children, saying she could not go abroad because of corruption cases against her. She said she would file a contempt suit against the government because there is no order banning her from leaving the country. (AP)

Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

The Saddam Problem

If Saddam Hussein were not such a recidivist, it might be possible to fashion a less confrontational approach to restrain Iraq and prevent it from producing and using weapons of mass destruction. Pressure to ease up is building on the Security Council following the American and British air strikes this month. But the dangers of relaxing the international grip on Iraq are too great to consider the kinds of changes proposed by France and Russia, including a lifting of economic sanctions.

Unhappily, there is no ideal Iraq policy at this point. The air attacks were a crude, though necessary instrument for controlling Baghdad's weapons, once it became clear that on-site inspections were no longer effective. But without further outside intervention, Iraq should be able to rebuild weapons and missile plants within a year. If inspectors are unable to resume work, future military attacks may be required to diminish the arsenal again.

A purely diplomatic solution would be preferable, but no one has devised a workable plan for dealing with a dictatorial regime in Baghdad bent on terrorizing its neighbors as well as its own citizens. It is hard to negotiate with a tyrant who has no intention of honoring his commitments and who sees nuclear, chemical and biological weapons as his country's salvation.

The French foreign minister, Hubert Védrine, proposes to deal with Saddam Hussein by rewarding his belligerence.

Mr. Védrine would dismantle the present United Nations inspection program and replace it with one more acceptable to Iraq's friends on the Security Council, then lift the embargo on Iraqi oil sales. Firing Richard Butler, the chief weapons inspector, and allowing Iraq to replenish its treasury with billions of dollars in oil revenue, sounds more like a strategy for winning France new business opportunities in Iraq than for restraining Saddam. Russia would also like to see the Security Council lighten sanctions.

Any approach to Iraq that depends on Security Council unity is destined to be weak. While France seeks trade, Russia hopes to collect money it is owed from arms sales to Baghdad a decade ago. China is indifferent to Iraqi threats. The United States and Britain may soon be left with no choice but to veto a move to reduce or lift sanctions, with the prospect of enforcing an unpopular oil embargo.

The Clinton administration should not paper over the difficulties ahead by talking casually about finding new leaders for Iraq. The Saddam problem is not likely to be fixed by giving millions of dollars to disorganized and divided Iraqi opposition groups or by beaming uncensored radio broadcasts into Iraq. There is no painless way to deal with Iraq. If there were, Saddam Hussein would not have managed to remain in power for 19 years of brutal rule.

—THE NEW YORK TIMES

Failure in Lebanon

Another burst of Israeli-Lebanese border violence has taken the lives of civilians on both sides—the Lebanese losses the result of military action, Israeli claim, and the Israeli losses the result of acknowledged Hezbollah vengeance. It is a small corner of a broader struggle but a bloody and neur-algic corner.

In this phase of the violence, the Israelis set up a turncoat Lebanese warlord as a partner in protecting their northern border. The connection gave Iran a target for its extremist Hezbollah clients. The connection also gave Syria, which owns Lebanon, an easy place to bleed Israel for Syria's own bargaining purposes. Israel offers withdrawal if Lebanon will guarantee its security, but the Syrians do not want a quiet Lebanese border. They want full Israeli withdrawal from southern Lebanon and from the whole occupied Golan Heights. Israel has wobbled on territorial return; Syria has yet to offer the price in security and normalization that Israel demands.

American-brokered peace talks between Israel and Syria were suspended in 1996 and have not stirred visibly

since. For Israel, dealing with the Palestinians offered a more urgent and promising prospect.

The latest military activity in southern Lebanon, however, may be Middle East code for a demand by Syria to come back in out of the diplomatic cold. Another sign of Syria's impatience—and extraordinary crudity—may lie in the recent mob invasion, obviously inspired, of the American Embassy in Damascus.

Lebanon, potentially the only Arab democracy, would in good times be a likely partner of Israel, the only Mideast democracy, Syria forbids it. Still in Israel there is increasing though minority favor—some from hawkish such as Foreign Minister Ariel Sharon—for a unilateral pullback from Lebanon's south. The rationale would be to deny Hezbollah a target, Lebanon a grievance and Syria a pretext. Security violations would not be ignored but treated also unilaterally.

The old way of sponsoring and conducting a military presence in the south of Lebanon has been tried for 20 years, and has failed.

—THE WASHINGTON POST

Sense in the Senate

Although the Senate has had little more than a week to ponder the articles of impeachment against Bill Clinton, it has already done much to restore a sense of proportion and reason to the case. Bipartisan sentiment seems rapidly to be gathering around the idea of strongly censuring Mr. Clinton rather than removing him from office, and doing so with dispatch when the new Congress convenes next month.

Reaching that outcome will require the cooperation of the White House and strong leadership in the Senate to prevent the impeachment case from being kidnapped by conservative Republican senators who would like to drive Mr. Clinton from the White House against the public will.

Senator Daniel Patrick Moynihan, a student of the constitution, has provided that kind of leadership with an astute analysis of the case. He rightly reasons that Mr. Clinton's misconduct, while deserving condemnation and punishment, does not reach the level of high crimes set by the framers for removal of a president by Congress. He also argues wisely that the cavalier use of impeachment would destabilize the institution of the presidency, an office vital not only to American governance but to world welfare as well. Coming from a man who has not hesitated to part company with Mr. Clinton on numerous occasions and is not seeking re-election, this advice ought to carry great weight with the Senate.

Managing the unusual set of legal and political issues facing the Senate will not be easy. Although Senator

Robert Byrd has advised colleagues that the constitution does not require them to conduct a full trial of the charges, most senators favor opening a trial. That now seems likely to happen in January, with other Senate business set aside until the case is resolved.

A motion to suspend or end the trial can be made at any time and approved by a simple majority vote. Conviction and removal from office takes 67 votes. Finding the right moment to adjourn the trial will be a delicate and critical decision for those who favor censure, and will require at least six Republican votes if the Senate's 45 Democrats are united.

At some point, Mr. Clinton must decide whether he wants to press for a full trial, anticipating acquittal but risking the possibility that the case would veer out of control, as it did in the House. As of now there are not enough votes to convict, but nothing about the Lewinsky case has followed a familiar script.

The White House can contest the proceedings at every turn, and certainly has a legal right to do so. Mr. Clinton's aides can seek a month's delay once a trial begins, so that the White House can prepare a defense. Once the presentation of evidence commences, Mr. Clinton will be well within his rights to contest the facts and legal theories offered by the prosecution team composed of House members. But Mr. Clinton's political interests and the country's need to resolve this crisis would be ill served by a legal strategy of delay and resistance.

—THE NEW YORK TIMES

Tell the Sex Snoopers to Mind Their Own Business

By William Safire

WASHINGTON — What can Americans do to transform the messiness of 1998 into the improvement of our national life in the new year? How can we make lemonade out of this lemon of a presidency?

Step One is well under way: After House impeachment and Senate action, no high official will be tempted to lie under oath or obstruct justice again soon. Step Two has yet to be addressed: At the root of Bill Clinton's undoubted criminality is a bad law.

Needed is change in civil rights and sexual harassment legislation to enable the accused to assert a new "citizen's privilege." — to refuse to involve third parties in an accuser's attempt to prove a pattern of harassment. If forced to confess as a condition of continuance, Mr. Clinton can claim to be a martyr to his civil disobedience.

Step Three is to practice a long-overdue social justice. We must use the force of the public's revulsion at the excesses being committed by the exposure of adultery to stop the erosion of personal privacy in public life.

For daring to expose the real crimes committed to cover up moral transgressions, political figures are being "outed" for their adultery — as if marital infidelity were equivalent to the crime of perjury. It is not. Sin is private

and crime is public. To pretend otherwise for political or commercial gain is the height of hypocrisy.

As an avowed libertarian conservative, I come to this assertion with

The adultery question, unless it deals with a crime, ought never to be asked.

nonpartisan hands. My privacy epiphany came after being wistapped in the Nixon era.

I deplored the use of divorce testimony to savage John Tower; defended Democratic Senator Gary Hart and Mayor Marion Barry from lip-smacking sex entrapments; assailed the attempted radical-feminist lynching of Clarence Thomas; and denounced the Senate's unprecedented rummaging through Bob Packwood's personal diaries at the insistence of a sanctimonious Nevada "ethicist."

We privatizers now face a danger from a combination of sin-seekers on

the right and hypocrisy hypocrites on the left. Today, adulterers are the targets of choice. Tomorrow, the hypocrit-moralizers will demand answers from female candidates about ever having had an abortion; from youthful candidates about masturbation; from the unmarried about ever having had homosexual thoughts; and from the purest of the pure about how they can condone their own children's premarital sex.

Do we really want to pit truthful empaths against normal liars?

One way to help slow this trend is for journalists who do their job of exposing financial and political corruption to look with disdain on those pornalists who march in lockstep with the morality cops. And for family media to refuse to recycle uncritically the linen of sex-hungry media.

We need the aid of public figures in this. In the 1980s, a reporter from a responsible newspaper asked Gary Hart the naked question "Have you ever committed adultery?" The candidate, with a stricken look on his face, said that he thought nobody should be required to answer such a question.

In 1992, Mr. Clinton found a creative way to slip past the question.

Mr. Hart was right. The "A" question, unless dealing with a crime, ought never to be asked.

But since it will be, what should the answer be? The response I suggested then has merit today: an aggressive, offended "Go to hell!"

(Because the word "hell," unless used to mean the domain of the devil, is stylistically frowned upon at The New York Times and other family-friendly publications, I will amend that to a vigorous "Leap in the lake!" or a genteel "Mind your own business.")

The rationale is this: When an absolutely faithful spouse boasts "I have never strayed," he or she puts pressure on all other candidates to violate their families' privacy or to lie.

Such bragging rewards sexual snoopiness, and encourages the pornalists' descent into questions smudgerily described above.

When Dan Quayle volunteered assurance of his never-wavering fidelity on national television recently, he thereby unthinkingly undermined the civil liberty of fellow candidates. Dan, a good man, ought to be ashamed of himself, as should any other nonsinner who stily encourages such intrusive questioning.

Professions of purity pollute our politics. Don't brag; don't lie; just assert your "citizen's privilege" and don't make news with an answer.

The New York Times

Climate Change: To Save Ourselves, Save the Forests

By Claude Martin

GLAND, Switzerland — What are we to make of the year that is coming to its end when we consider the state of our planet? For many, 1998 will be remembered as the year of the fires, floods and hurricanes.

Thousands of people have died and catastrophic damage has been caused by torrential rain and exceptionally violent storms. As for the forest fires that swept parts of Asia and Latin America, the full extent of the destruction is only now beginning to be revealed.

The common factor in all these disasters is the global climate. This is particularly noticeable in the case of forests.

Their distribution has always been influenced by climatic conditions.

During the glacial periods, which were cool and dry in the tropics, rain forests shrank to small "refuges." Often the agents of their demise were fire. Moist tropical forests become prone to burning when the leaf litter and undergrowth dries up after unusually long periods of drought, and fire spreads from surrounding grasslands.

Today we are again seeing the frequent incidence of long dry seasons in the tropics. Once more, fire has begun to play a key role in the forests. But this time it is not simply the fact that we are confronted with climate change, and change much more rapid than in the glacial ages because it is driven by the be-

havior of humankind. The fires themselves are mostly man-made. They are lit to clear trees so that land can be used for agriculture or other purposes.

With the increasing fragmentation of forest areas as a result of timber exploitation and clearance, fires are pushing back tropical forest fringes in Amazonia, West Africa and Southeast Asia at increasing speed. If that continues unchecked, the world faces deeply alarming consequences.

The Hadley Center for Climate Change in Berkshire, England, has calculated with its super-computer that unless things change, parts of the Amazon rain forest will turn into desert in the next half-century. That will add to the greenhouse global warming effect that we are now learning to fear and starting to try to reverse.

There is a terrible irony in the center's pronouncement that in the wake of the 1998 fires the forests have already become a

net producer of carbon dioxide, the greenhouse gas that experts around the world now agree must be reduced. One of the hopes of industrialized nations that have been reluctant to take drastic action to cut carbon dioxide emissions is that forests might provide a partial solution by absorbing the gas.

Policymakers need to wake up to the fact that there is no alternative to action that will reduce the concentrations of greenhouse gases in the atmosphere.

At the same time, they must

accept that moves to stop the destruction of forests, and to conserve and manage them sustainably, have a role to play in controlling climate change.

Instead of clinging to the former hope that the trees will save us, we have to help ourselves by saving the trees.

The writer, director general of WWF International, formerly the World Wide Fund for Nature, a nongovernmental environmental monitoring group, contributed this comment to the International Herald Tribune.

Eco-Isolationism Hurts the Environment

By Hilary French

WASHINGTON — When a last-minute deal was struck a year ago in contentious climate change talks in Kyoto, Japan, environmentalists breathed a sigh of relief. It soon became clear that celebration was premature.

With the ink not yet dry on the Kyoto accord, U.S. senators were already pledging to block ratification of the agreement. The Clinton administration bowed to this reality by agreeing not to submit the protocol for a vote until the Senators' demands that key developing countries be brought into the accord are met.

Argentina and Kazakhstan broke with other developing countries at the recent meeting

in Buenos Aires of the conference of the parties to the climate treaty, and agreed to accept voluntary emissions targets. But populous countries such as China and India showed no inclination to follow suit. There is little chance that the second will even be put to a vote in the U.S. Senate before the presidential election in 2000.

The problems plaguing the Kyoto protocol are just the latest example of a larger pattern of American eco-isolationism. Environmental threats rank increasingly high as international security issues, yet the United States is widely seen as a laggard rather than a leader

in the international environmental arena.

The Kyoto protocol was a follow-on to the Convention on Climate Change, a product of the June 1992 Earth Summit held in Rio de Janeiro under United Nations auspices.

The other major accord reached in Rio, the Convention on Biological Diversity, has so far failed to pass muster with the U.S. Senate, although it has been approved by 174 other countries. Recent warnings from leading scientists that we are in the midst of an era of mass extinction of species underscore the urgent need to translate this accord from words into action.

The Rio summit also set in motion negotiations for a treaty on desertification that is intended to prevent the further degradation of arid lands, usually as a result of poor agricultural practices, overgrazing or deforestation.

More than a billion hectares of arid lands are already degraded worldwide, an area greater in size than China. Hundreds of millions of people suffer the consequences, which can include malnutrition, forced migration and economic ruin.

The United States has so far refused to join the 144 countries that have become parties to this accord since it was completed in early 1994. President Bill Clinton used his trip to Africa in the spring to urge the Senate to ratify the desertification treaty, but the Foreign Relations Committee chairman, Jesse Helms, failed to bring the accord forward for a vote.

The United States has also not yet joined the 128 countries that have ratified the 1982 Law of the Sea Treaty, or the 122 countries that are party to the 1989 Basel convention on the export of hazardous wastes.

Recent polls indicate that the Senate's eco-isolationist stance does not reflect public opinion. On global warming, for example, a Harris Poll found that 74 percent of Americans who knew about the Kyoto protocol said they approve it. Other polls have found a high level of public support for cooperating, through the United Nations, to combat shared threats.

The business community is of mixed mind when it comes to international environmental engagement. Strong business opposition can stop environmental treaties in their tracks, but a growing number of American companies are beginning to understand that their interests are better served when the United States has a seat at the international table.

Charles Johnson, president of the seed company Pioneer Hi-Bred International, said in calling for ratification of the biodiversity treaty in hearings before the Senate Finance Committee: "This is too important a treaty ... to have our government on the sidelines as protocols are negotiated." In a similar vein, British Petroleum and Shell have recently withdrawn from the obstructionist Global Climate Coalition.

Successful environmental diplomacy requires a cooperative, multilateral approach rather than the unilateral model that predominated during the Cold War. The U.S. Congress must accept this reality if America is to play a leading role on the international environmental stage — and if the world is to stave off catastrophic environmental damage.

The writer, vice president for research at the Worldwatch Institute, a nongovernmental monitoring group, contributed this comment to the International Herald Tribune.

The New Anti-Terrorism Is Scary

By Flora Lewis

PARIS — It is the Washington idiom but it sounds more like Hollywood — doom, disaster, Armageddon, absolute action. It is the guaranteed new threat to the current issue of Foreign Affairs written by two former high-level Defense Department officials and a former staff member of the National Security Council.

They are Ashton Carter, John Deutsch and Philip Zelikow.

The speech and the article appear to launch an intense

going much further in dramatizing threats, are used in an asserted article in the current issue of Foreign Affairs written by two former high-level Defense Department officials and a former staff member of the National Security Council.

They are Ashton Carter, John Deutsch and Philip Zelikow.

The speech and the article appear to launch an intense

going much further in dramatizing threats, are used in an asserted article in the current issue of Foreign Affairs written by two former high-level Defense Department officials and a former staff member of the National Security Council.

It sounds like Reagan in the most exuberant of his 'star wars' fantasies.

The name of the new game is "catastrophic terrorism" and it is very frightening, not just because it conceivably could happen but even more because of what people who choose to dwell on the possibility, however remote, want to do about it.

"Catastrophic terrorism" is defined as going far beyond what U.S. Secretary of Defense William Cohen calls "the conventional type of terrorism." That is the work of "cowards," he says, who "rejoice in the agony of their victims." They then "retreat to villages where they hide behind the skirts of women and the laughter of children and dare you to strike back — and strike back we will."

But the threat of reprisal will not work against "biological and chemical weapons and cyber-terrorism," he said, because it is too hard to find out who used them.

"Deterrence is not going to be sufficient to prevent their use in future. We have to depend upon defense. We have to depend upon intervention, and we have to promote the safety of our citizens both here and abroad."

Mr. Cohen spoke on Dec. 8, before the bombing attacks on Iraq. But his arguments came close to Washington's justification for the Iraq raids — essentially to "degrade" Saddam Hussein's capacity to use exotic weapons, since there could be no credibility in any claim that bombs could eliminate them.

Similar arguments, drawing the same conclusion but

"even imperfect measures" in the meantime.

If it were not for Foreign Affairs' sober reputation and Mr. Cohen's speech, the temptation would be to consider this part of some grandiose hoax meant to ridicule the nostalgia of strategists with no more reason to draw up vast strategic plans.

No cost estimates are provided, but clearly the urge is to order lots of new equipment and services.

The thesis is: If it conceivably could happen, we must assume that it will, and do something about it now, before it is too late." This is itself the very essence of psychological terrorism, the disaster movie that Hollywood understands so well.

There is a Chicken Little quality about this scare scenario, suggesting that nothing else can be so important as to make sure not to be under-neath when the sky is falling.

What if the sky isn't falling? Ah, that is the reward for prudent foresight, is the provocative answer.

This new campaign is particularly pernicious because there is no way to measure the real odds, to assess actual risk compared with the risk of other human needs. The "willful ostrich," refusing to see danger, is the epitaph so easily pasted on the skeptic.

"Catastrophic terrorism" poses an ominous threat, the article exhorts. "But the United States can fight back only if it sets the right goals. ... It must first imagine success. Only then can it organize itself to attain it."

It sounds like Ronald Reagan in the most exuberant of his "star wars" fantasies. It should worry everybody, both Americans and others who do not yearn for new menaces to fight and targets to destroy.

Flora Lewis

Herald Tribune

ESTABLISHED 1887

KATHARINE GRAHAM, ARTHUR OCHS SULZBERGER
Co-Chairmen of the Board

PETER C. GOLDMARK JR., Chairman and Chief Executive Officer
RICHARD WOOLDRIDGE, President and Chief Operating Officer

MICHAEL GETTLER, Executive Editor

• WALTER WELLS, Managing Editor • PAUL HORVITZ, Deputy Managing Editor
• KATHERINE KNORR and CHARLES MITCHELLMORE, Deputy Editors

• ROBERT J. DONAHUE, Editor of the Editorial Pages
• JONATHAN GAGE, Business and Finance Editor • SAMUEL ABT, Associate Editor

• RENÉ BONDY, Senior Vice President and Chief Financial Officer
• DIDIER BRUN, Circulation and Development Director

• STEPHEN DUNBAR-JOHNSON, Advertising Director
Directeur de la Publication: Peter C. Goldmark Jr.

International Herald Tribune, 181 Avenue Charles-de-Gaulle, 92321 Neuilly-sur-Seine, France.
Tel: (1) 41.43.93.00. Fax: Subscriptions, (1) 41.43.92.10; Advertising, (1) 41.43.92.12; News, (1) 41.43.93.38.
Internet address: <http://www.ihb.com> E-Mail: ihb@ihb.com

Editor for Asia: Michael Richardson, 5 Conventry Rd., Singapore 11800 Tel: (65) 472-7768; Fax: (65) 224-2334
Hong Kong: 111, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 65

OPINION/LETTERS

Own Business

As Medicine Progresses, Its Availability Shrinks

By Daniel S. Greenberg

BALTIMORE — The great accomplishment of American health care politics at the century's end is a system in which the government finances a research boom that produces medical wonders beyond the means of a large and rising segment of the population.

The only certainty is that the plight of the poor, and many not so poor, will worsen under this tandem arrangement of socialized discovery and marketplace medical care.

The divide between discovery and effective treatment is maddening. But, as with most other things, the uninsured get less of it, according to a survey by the Centers for Disease Control. Questioning 80,000 women, the agency found that 71 percent with health insurance had had a mammogram in the previous two years, whereas only 46 percent of the uninsured had undergone the examination.

At present, more than 40 million Americans lack health insurance, and barring personal financial resources, which few have, or medical charity, which is growing scarce, they are not sharing in the triumphs of modern medicine.

The number of uninsured is bound to grow, as people are priced out of the market by increases in the cost of health insurance, which is going up quickly.

One explanation is that after skimping on their customers, managed-care organizations face resistance to such Spartan services. Another is that insurance premiums for managed care are bounding back after starting low to attract customers and squelch competition.

Whatever the reason, the price of insurance is going up, and so are the ranks of the uninsured even in these good economic times.

Meanwhile, medical research, always popular with the public and Congress, has become the bipartisan darling of Capitol Hill, with budget increases far ahead of any other major function of government. Last year, Congress added \$2 billion to the National Institutes

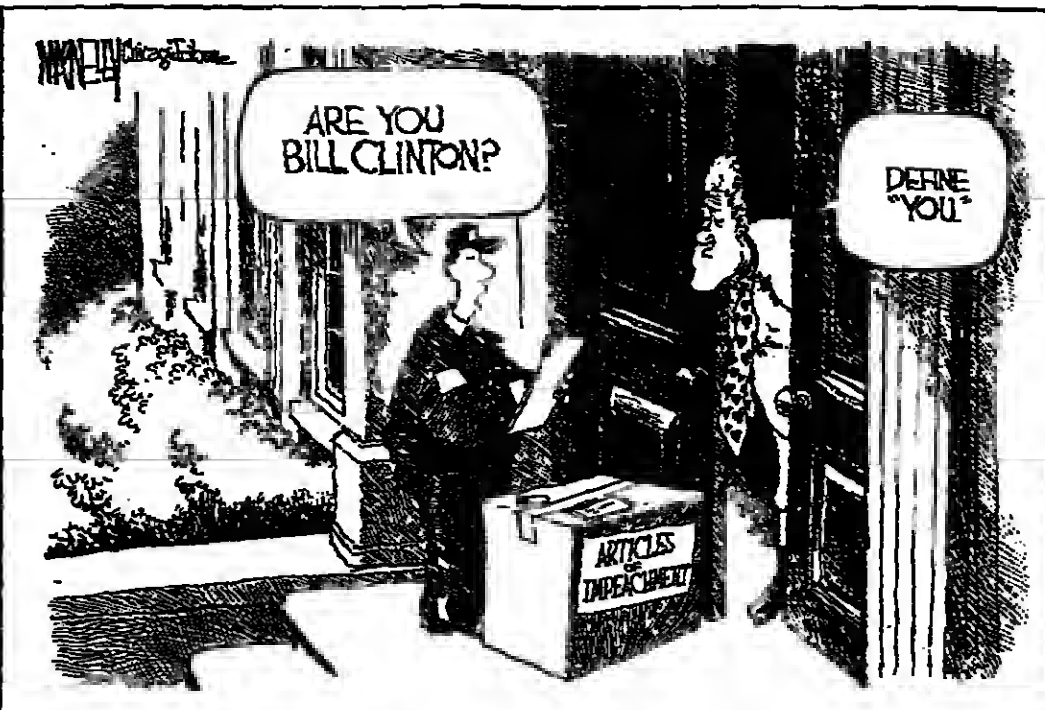
of Health — nearly double the increase recommended by the White House — raising the institutes' budget to a record \$15.6 billion.

Influential members in both houses say their goal is a doubling of the institutes' budget within five years. The presidential budget-minders do not like the medical-research bandwagon, but President Bill Clinton and his predecessors have all ceded medical research to congressional control.

The researchers who benefit from the congressional passion for medical research appropriately resent allegations that they are hogging scarce federal money that might be better applied elsewhere. That is what they were accused of by Representative David Obey, Democrat of Wisconsin, when the institutes got a bonanza while spending was restrained for programs for the poor.

The scientists respond that research spending is a tiny slice of the trillion dollars spent annually on health care and point out that discoveries can cut the cost of health care, as a vaccine did for polio.

But research also often leads to treatments that are both effective and very expensive. — for example, cancer treatments genetically tailored to the patient.



The disparity between research and treatment was set firmly after the Clinton scheme for national health care fizzled, leaving profit-seeking as the driving force in the health care economy. At about the same time, Congress's traditional affection for medical research turned passionate, leading to a 50 percent increase in the institutes' budget since 1993.

The passion, abetted by lobbies for research on specific diseases, is bipartisan and not subject to

debate. The Senate Budget Committee quietly has inquired whether the institutes can effectively manage the big increases in its budget, and the thrift-minded Office of Management and Budget is trying again to restrain the growth. But hope and politics favor another big increase for medical research.

Politically, there is scant interest in the gap between medical discoveries and the people who cannot afford them — soon to be

joined by many others who are being priced out of the health care market. In seeking cures for disease, the science runs on to be the easy part. The insoluble problem is a political system that venerates research but withholds its wonders from many needy people.

The writer is a visiting scholar in the history of science, medicine and technology at Johns Hopkins University. He contributed this column to The Washington Post.

From Modern Machines, It's Just Nag, Nag, Nag

By Jim Shea

HARTFORD, Connecticut — Stop telling me what to do. Stop telling me what to remember.

Stop telling me what's for my own good.

Stop the nagging.

Now.

I'm an adult.

I'm a sensible, responsible person. I've test-driven a minivan, for goodness sake.

Er, maybe it would be a good idea to pause just a second for the following disclaimer:

This is not about you, dear.

And Mom, relax, it's been years since one of your little helpful hints has made me want to run screaming through a plate-glass window.

No, what I am referring to here is the ever-increasing tendency of technology to treat us all like 9-year-olds with a history of leaving new jockeys on the school bus.

Programmed by meddlesome engineers determined, apparently, to foist the misery of their own heaped existences on the rest of us, machines and appliances are assuming responsibilities well beyond their intended duties.

The car is the worst offender.

The car has one job, to take you where you want to go.

It is not the car's job to worry

about lights, or locks, or keys, or whether or not you are going to be launched through the windshield if there's an accident.

But just try and get in or out of a vehicle without being subjected to a chorus of buzzes, beeps and bongs, all of which seem to be saying:

Now Jimmy, put on your seat belt.

Now Jimmy, don't forget your keys.

Now Jimmy, did you leave the lights on again?

It isn't much better around the house.

Consider: The alarm clock that gives you:

Ten more minutes. Ten more minutes.

The microwave that whines:

I'm ready. I'm ready. I'm ready.

The oven that warns:

I'll burn. I'll burn. I'll burn.

Apart from a yurt in the Mongolian suburbs, there is no escape from the harassment.

If a pushy phone light isn't screaming "voice mail, voice mail," some electronic annoyance is butting into your conversation every 10 seconds to inform you "call waiting, call waiting."

And does anyone work for a computer that doesn't ring and ding with condescension at every opportunity?

Command: Store file.

Computer: [Ding] Are you sure you want to store file?

Command: Store file.

Computer: [Ding] Are you really, really sure you want to store file?

I'm thinking that what has to happen here is for the machinery of our lives to be treated like smoking.

When you are buying a car, or a phone, or a computer, or whatever, the salesperson should be required by law to ask:

Would you prefer nagging or non-nagging?

The Hartford Courant.

LETTERS TO THE EDITOR

The Superpower and Ink

What is going on with The World's Only Superpower? This label, or sometimes the tautologous The World's Only Remaining Superpower, now seems to follow "the United States" or "America" almost automatically in the articles appearing in your paper. Is this in response to some hubristic edict from above or does it stem from a belief that the average reader has the attention span of a mayfly and needs to be reminded regularly of America's exalted position?

If this is going to continue, may I suggest that you could save space and ink by using the acronym TWOSP instead of the whole phrase. If this catches on, you could eventually drop the reference to the United States altogether, as for example: "At 0400 this morning TWOSP surgically removed Iraq and Afghan-

istan. There was no collateral damage, according to a TWOSP spokesman, 'but we seem to have mislaid Lebanon.'"

Or: "TWOSP President Bill Clinton today officially opened a new Center for Wayward Interns. 'This will fill a real need,' he said."

D. H. McKAY, Luxembourg.

A Farewell to Baker

Regarding Russell Baker's final column (Dec. 26-27):

Mr. Baker, yours was the voice of an exceptional American generation, ever with wit, wisdom and humanity. Your appreciation of the contemporary world was always wry, never dry, revealing inner verities wrapped in myths that shall long exist after our tour of duty.

WILLIAM GREENWAY, Paris.

Doubtless a contemporary (or near contemporary) of Russell Baker — same school (Baltimore City College), same era (late 1930s, early 1940s) — I have enjoyed over the years his reminiscences of our hometown. Indeed, as I reflect on the experiences he has described, I do believe we may even have been in the same home-room class.

Today in view of our current American *isuris* — a colorful Yiddish expression meaning "troubles" — may I suggest that a reprinting of some of his columns might serve to relieve some of the stress we are all experiencing.

MORRIS HONICK, Brussels.

Clinton the Follower

As an American temporarily working in Europe, I have been watching the Clinton impeachment process with disappointment. I

watch as the Democratic side of the aisle complains of the bitter partisanship practiced by the Republicans, when it seems clear that the Democrats have been far more partisan on this matter.

Throughout this entire drama, nothing showed as much partisanship as the pitiful display of the Democrats marching to the White House and standing en masse to support President Clinton.

It is difficult to believe that not one of those Democratic representatives felt that the president deserved impeachment. Their "consciences" seemed guided by the popularity of this president and the potential loss of their base of voters.

This president has always relied on his pollsters to develop policy. In fact, I cannot recall one significant issue where he did not take a position favored by the majority in public polling. This is not the definition of a leader, but of a

follower. Now, House Democrats have proved that they are only followers as well.

RAY VERY, Munich.

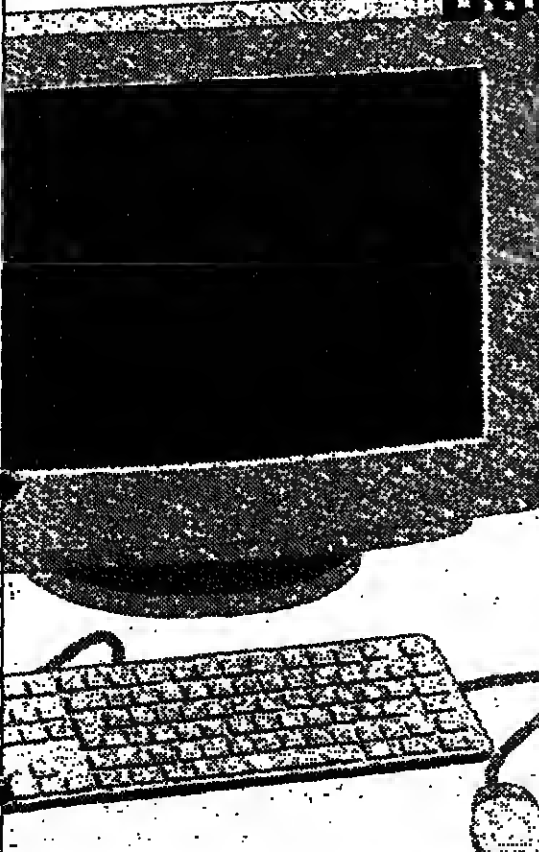
May I suggest an explanation for the anti-impeachment polls? I don't watch American television, but I understand that guests on programs like Oprah routinely confess the most abominable crimes, such as incest, and, after reciting an act of contrition and bearing their breasts, are given absolution by Oprah and the TV audience.

I believe that gives your average ignorant pollee the impression that that is how things are dealt with in the real world. Since President Clinton has gone through the right motions on television, such pollee simply can't understand why he isn't treated the same way.

J. C. DIXON, Paris.

Letters intended for publication should be addressed "Letters to the Editor" and contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.

How Is the Internet Changing the Way You Do Business?



If you missed the series of 12 sponsored pages on "Business to e-Business" that appeared in the International Herald Tribune, here's your chance to order a reprint of the sections.

The series addressed the impact of electronic business on the following industry sectors:

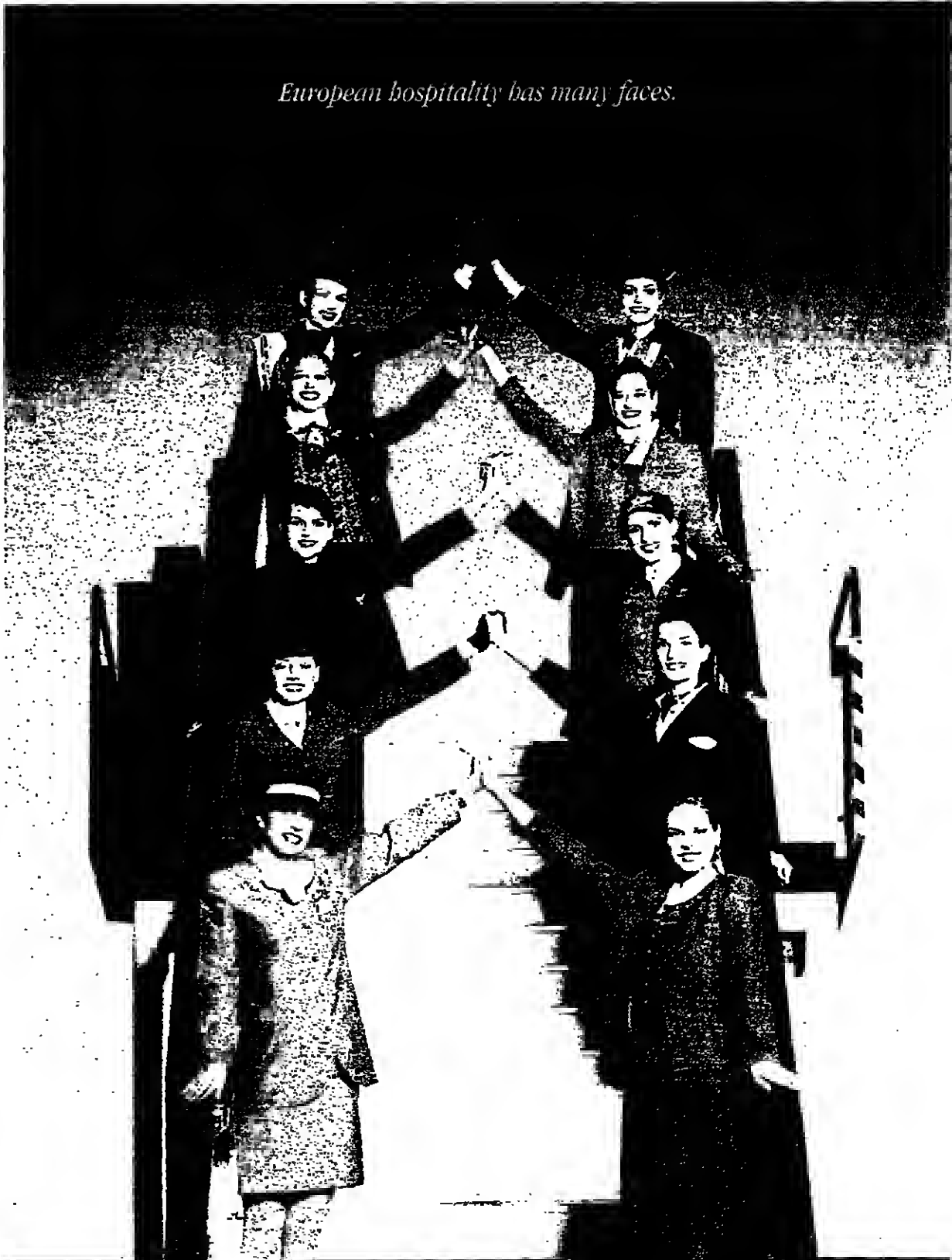
- Banking
- Retail
- Market Intelligence
- Travel
- Enterprise Communities
- Telecommunications
- Insurance
- Manufacturing
- Education
- Security
- Government
- Automotive

For a free reprint of any of the "Business to e-Business" pages, please fax or e-mail your mailing address and specify which of the above subjects you would like to receive. Fax: +33 1 41 43 92 13. E-mail: supplements@iht.com



THE WORLD'S DAILY NEWSPAPER

European hospitality has many faces.



The Qualifier Group is more than an alliance of ten European airlines — it's a celebration of traditional regional hospitality and national cuisines. And, with hubs in Zurich, Vienna, Brussels, Lisbon, Istanbul, Paris, Basel, Salzburg and Weir, the network also offers fast connections to over 200 European cities and over 200 destinations in Asia, Africa, North and South America and Australia. Call the office of The Qualifier Group online near you. Qualifiergroup.com.

swire AIRLINES Sabena 2700 AIRLINES THYSAIRLINES crossair Lufthansa tyrolean AIR LITTORAL

INTERNATIONAL

Iraq's Threats Complicate Ties With UN and Arab States

By Barbara Crossette
New York Times Service

UNITED NATIONS, New York — As delicate negotiations over a new international policy in Iraq go on behind the scenes here, Saddam Hussein is complicating his situation in the Security Council by a stream of bellicose threats.

In addition, Iraqis are sending mixed signals about remaining ties with the United Nations, which administers a huge relief program in the country. Baghdad has already said it will never allow arms inspectors back, but has generally cooperated with aid workers.

In recent days, however, Iraqi officials have refused to allow relief experts from the United Nations to survey damage done to civilian targets by the U.S. and British air attacks almost two weeks ago. Some officials say that they think this is because damage to civilian buildings was very light, countering Iraqi claims of greater damage and more casualties.

Since the attacks, Iraqi officials have couched their verbal assaults in racial and anti-Semitic terms, saying that "Anglo-Saxons" dominate the arms inspection system and that President Bill Clinton and Prime Minister Tony Blair are under the influence of "Zionist cliques." The Iraqis have threatened to shoot down U.S. and British aircraft. Monday, they tried to hit U.S. planes with surface-to-air missiles.

Mr. Saddam is now also denouncing the French, who have gone out of their way to help Iraq at the United Nations. The attacks began after both President Jacques Chirac and Prime Minister Lionel Jospin said that the Iraqi leadership bore the responsibility for the bombing by refusing to cooperate with arms inspections.

French officials, who are willing to move swiftly to a lifting of an oil embargo and other sanctions on Iraq, have also infuriated Mr. Saddam by proposing that oil income be controlled by the United Nations indefinitely so that it cannot be spent on prohibited weapons. Mr. Saddam wants a no-strings-attached escape from sanctions.

Much Iraqi ire is being directed at Arab nations. A tone of frustration mixed with desperation has surfaced in Mr. Saddam's speeches as well as those of his ministers, who attack Arab leaders for backing away from Iraq when they should, in Baghdad's view, be lining up to break sanctions.

Arab support has been slipping away daily from Saddam Hussein. Arab support has been slipping away daily from Mr. Saddam. Monday, the Iraqis took two more blows.

A meeting of Arab League foreign ministers scheduled for Wednesday at the request of Yemen, one of Iraq's strongest allies in the Arab world, was postponed until Jan. 24 at the request

of several Gulf nations, including Kuwait and Saudi Arabia.

The ministers were to plan a meeting of Arab leaders to discuss Iraq. But Monday, Egypt appeared to put an end to Iraqi hopes for a high-level meeting, at which Mr. Saddam's government intended to press its demand that the Arab League defy international sanctions.

Arab support has been slipping away daily from Saddam Hussein.

Arab League diplomats say that they have tried to exert a moderating influence in the region and do not want to be drawn into support of Mr. Saddam for his defiance of the United Nations. The League has also refused to condone (as African nations have) the breaking of such less harsh sanctions on Libya, which has refused to turn over two suspects for questioning in the bombing of Pan Am Flight 103 in 1988.

"It is not realistic to think that some fraternal Arab countries are going to take part in a summit attended by high-ranking members of the Iraqi leadership," an Egyptian government spokesman said Monday.

In Cairo, President Hosni Mubarak took direct aim at Iraqi leaders in an interview with the government newspaper Al-Gumhuriya.

"We opposed the air attack," Mr. Mubarak said, "because in the final reckoning, it is the people of Iraq who pay the price. We sympathize with the Iraqi people because we know that our

brothers and sons in this fraternal country can do nothing about it and the regime in power is the root of all problems."

On Sunday and Monday, Iraqi officials appeared to threaten to end the "oil for food" program under which they are allowed to sell up to \$5.2 billion worth of oil every six months to buy such goods as medicine and food.

Monday, the trade minister, Mohammed Mehdi Saleh, backed away from comments he made over the weekend, saying that he was talking about Iraq's future plans once sanctions were lifted and there would be no need for the program, and those who administer it would be asked to leave. But another ministry repeated the threat to end the program sooner, Bloomberg News reported from Baghdad.

Mr. Saddam has never liked the "oil for food" program, which he rejected for more than five years after it was first proposed by the Security Council. But Baghdad allowed it to continue uninterrupted during the recent raids.

Monday, John Mills, spokesman here for UN relief programs in Iraq, said that the Iraqis exported 17.6 million barrels of oil from Dec. 19 to 25, the largest amount in any weekly period since the program began in late 1996. The exports were worth \$145 million, because of record low oil prices. If prices had remained at the level of about \$18 a barrel that prevailed when the program began, Iraq would have more than doubled its income in the most recent sales.

No-Fly Zones in Iraq
Allies' Effort to Protect
Shiites and Kurds

The Associated Press

A look at the two no-fly zones the United States and its Gulf War allies imposed on Iraq:

Southern No-Fly Zone: Imposed by American, British and French forces in August 1992 to protect Shiite Muslims in Iraq. President Saddam Hussein's forces had crushed a Shiite uprising soon after the end of the Gulf War in February 1991.

In 1996, President Bill Clinton extended the zone in response to Mr. Saddam's military intervention in northern Iraq in support of one Kurdish faction against another.

The zone now covers the southern third of Iraq, reaching the 33d parallel, and extends to the outskirts of Baghdad.

Northern No-Fly Zone: In April 1991, the United States, France and Britain declared a 19,000-square-mile (49,000-square-kilometer) area of northern Iraq a haven for Kurds and imposed a no-fly zone above the 36th parallel.

American and British warplanes still patrol the skies of northern Iraq. France withdrew from the mission in 1996.

I Go Where I Have To

Annan Defends His UN Role as Mediator
Despite Sharp Criticism From WashingtonBy Barbara Crossette
New York Times Service

UNITED NATIONS, New York — At the end of his second year as secretary-general of the United Nations, Kofi Annan offers no apologies for going the extra mile to talk with tyrants like Saddam Hussein and Colonel Moammar Gadhafi, even when a rebuff, or carping in Washington, is his only reward.

"We're dealing with issues of war and peace," Mr. Annan said in an interview, sounding out the year as he began it, with a crisis in Iraq. "We are operating in a world which is quite brutal and there are some very wicked people around. Nobody denies that. But in the business that I'm in, we sometimes have to shake the hands of the aggressor, to lend them an ear, in order to save lives."

"I go where I have to go, I talk to those I have to talk to," Mr. Annan said of his trips to Iraq in February and to Libya in early December.

He said he hoped the day would come when the secretary-general of the United Nations "has to talk only to leaders of countries like Switzerland, Sweden, Costa Rica, Botswana."

"Then our work would be done," he said. But a different view is sometimes held in Washington. A pall of disappointment not despair has been cast over Mr. Annan's relations with an often hostile Congress and to some extent the Clinton administration, which denied his predecessor, Boutros Boutros Ghali, a second term in office and engineered Mr. Annan's election by the Security Council.

Mr. Annan was criticized for going to Baghdad in February and brokering an accord over arms inspections that quickly unraveled.

Although the Clinton White House, then in the early days of the Monica Lewinsky scandal, seemed relieved at the time, the secretary-general was later accused, especially in Congress, of diplomatic meddling and of drawing out the crisis.

Mr. Annan's journey to meet with Mr. Gadhafi on Dec. 5 drew still more flak. The Libyan leader left Mr. Annan waiting for hours before meeting him in a tent

at a remote site in the desert, where Mr. Annan was trying to work out a deal for Libya to turn over two suspects wanted in the bombing of Pan Am Flight 103 over Lockerbie, Scotland, 10 years ago.

The attempt proved fruitless.

In both cases, Mr. Annan's aides say, he was essentially promoting American as well as international goals: compliance from Iraq on arms inspections, and the turning over of two men wanted in a long-delayed trial.

Has the secretary-general been too willing to take political risks? Has Mr. Annan been too quick to expend his personal prestige and that of his office? "I'm here to do a job, and self is not involved, because we're dealing with much bigger issues, much more at stake," he said. "To put my own ego or my own reputation at the center of it, I think, would be unconscionable and would be a mistake."

Events play their part in shaping the reputation of any secretary-general. Sir Brian Urquhart, a former undersecretary-general who has known every holder of the United Nations' highest office since the organization's founding in 1945, said last week that Mr. Annan "couldn't have inherited that job at a more difficult time."

But once the stage is set, character and personality take over, Mr. Urquhart added. "I think Kofi is a genuinely natural, unpretentious, very serious person," he said. "He really believes he's got to do the job, and it's not a popularity contest. He's there to do his best, and if it blows back on him, that's too bad."

Danilo Turk, a former professor of international law and a human-rights advocate who is Slovenia's representative and a member of the Security Council, said Mr. Annan had to do an already ill-defined job "in an era more chaotic than other periods."

With the end of the Cold War, rogue states are less likely to be held on tethers by Moscow or Washington, Mr. Turk said, and today's secretary-general faces crises that can quickly spin out of control.

He also faces that political chaos at a time when the United Nations has been under tremendous pressure to reduce its budgets and bureaucracy.

Although Mr. Annan has made significant managerial reforms and has continued to cut the headquarters staff, the Republican-led Congress refuses to pay \$1.2 billion in American debts without attaching riders that UN officials say improperly try to micromanage the organization, which no one naught among the 185 members has the right to do.

For Mr. Annan, a Ghanaian, dealing with Africa has been particularly difficult. He began his term in January 1997 ready to forge a partnership with Africans moving to put conflict behind them. Two years later, Angola is descending into civil war again, rebels in Sierra Leone notorious for their extraordinary brutality are closing in on the capital less than a year after being driven out, and east-central Africa is engulfed in a conflict involving nearly a dozen nations.

"What's happening in Africa is a tragedy, a real tragedy," Mr. Annan said. "It's a deep disappointment."

He said he recently told a meeting of African leaders in Paris that at a time when they needed investment and development, they were on a suicidal course.

Mr. Annan, frequently accompanied by his Swedish wife, Nane, travels extensively, more than many UN officials and diplomats think is necessary, given all the work at headquarters.

For his part, Mr. Annan says he values the widest possible contacts.

His staff says he also seeks out special friends in international affairs whose judgment he trusts, among them President Nelson Mandela of South Africa and Richard Holbrooke, the American diplomat and Balkans troubleshooter who is in line to become the U.S. representative at the United Nations.

"I talk to lots of people," Mr. Annan said in his uniformly soft, melodic voice, which sinks at times almost to a whisper. "I talk to people inside the building, outside the building, in different fields, in different walks of life. Men and women who understand the human condition and have compassion. People who like to do things about the world we live in."



BUSY DAY IN BAGHDAD — Cars clogging a city street Monday as life in the Iraqi capital slowly returns to normal after the recent air strikes.

IRAQ: U.S. Fighters Attack Missile Site After Being Fired Upon

Continued from Page 1

The use of surface-to-air missiles, or SAMs, represents an escalation of the confrontation. Iraq has several Soviet-era missiles, including the SA-3, the type that shot down the U-2 flown by Francis Gary Powers over the Soviet Union in 1960.

During the four nights of air and missile strikes, Pentagon officials said, Iraq did not fire its SAM missiles, evidently fearing retaliation by American and British weapons able to home in on the batteries' radar signals.

During the operation earlier this

month, American and British forces repeatedly targeted SAM sites, but with mixed success. According to the Pentagon's last public assessment of damage, only eight of 16 SAM sites attacked were destroyed.

The United States, Britain and France created the no-fly zone in northern Iraq in 1991 to protect the Kurdish enclave. Iraqi aircraft are barred from flying in the zone, which covers the area north of the 36th parallel. The no-fly zone over southern Iraq was created a year later and in 1996 was extended from the 32d parallel to the 33d parallel, just

south of Baghdad.

The United States and its allies created the zones, citing the United Nations resolutions adopted in the aftermath of the Gulf War, but the UN Security Council itself has never explicitly authorized the zones.

"The no-fly zones have been and will remain an important part of our containment policy," Mr. Clinton said in his remarks Monday. "Because we effectively control the skies over much of Iraq, Saddam has been unable to use air power to oppress his own people or to lash out again at his neighbors."

Inquiry Into Top French Wines Leaves Bad Taste

The Associated Press

PARIS — Some of France's most prestigious wines may have been contaminated by pesticides over the last decade, posing no health hazard but affecting the taste, a top wine trade association acknowledged Monday.

The Bordeaux Wine Board commented by telephone after an investigative report appeared in L'Express, a respected news magazine, this week.

Since the problem became known in Champagne in 1982, many wine professionals have tried to keep it a secret, L'Express reported.

Sophie Girard, a spokeswoman for the wine board, acknowledged the problem but she claimed that it had affected only about 1 percent of wines tested in the past two years and had been corrected for all Bordeaux wines.

She said the public had not been in-

formed because the board preferred to "help Bordeaux winemakers resolve the problem rather than alarm the public about something that was relatively minor."

L'Express reported that trace quantities of chlorophenol, a pesticide widely used to treat new wood, had seeped into wines from Bordeaux, Burgundy, Beaujolais, and even Champagne.

The pesticides come from treated wood used in constructing new storage facilities. Hundreds of top French labels, including high-priced bottles from Bordeaux, have been affected, L'Express said.

Some buyers have returned contaminated wine to the vineyards complaining of the bad taste, it said. The taste was often attributed to bad corks.

Ms. Girard said that of the 1,344 wines chosen at random for analysis in

the past two years, 44 had a bad corky taste, and 11 of those were due to pesticides.

"It's very difficult to distinguish between the real taste of a cork gone bad and the moldy taste left by the pesticide," she said.

L'Express did not say what percentage of wines it believed had been affected. But it quoted a wine researcher, Pascal Chabonnet, who first identified the cause of the offensive flavor, as saying that the wood in 50 percent of the barrels tested in his private laboratory in 1996 were contaminated and had to be destroyed.

"Today, we're down to 5 percent," he told L'Express.

Many winemakers have solved the problem by tearing down their warehouses and rebuilding with solid oak, which is more expensive but does not require treatment.

BRIEFLY

30 Algerians Die
In Attacks in South

ALGIERS — At least 30 people died and 70 were wounded in simultaneous attacks in southern Algeria; hospital sources said Monday.

Mortar shells and bombs were fired Sunday night at the town of Khenis-Milliana, about 100 kilometers (60 miles) south of Algiers. Fifteen people died and 40 were wounded, the sources said.

At the same time, 10 kilometers to the north, 40 armed men burst into the village of Ain N'sour and killed 15 people. Most of them were stabbed to death, hospital sources said. A total of 30 others were wounded, many by gunfire. (AP)

Illegal Immigrants
Float Into Florida

MIAMI — A wave of Cuban and Haitian illegal immigrants has hit South Florida beaches in the last few days in the likely hope that U.S. authorities had let their guard down over the holiday season, the U.S. Border Patrol said Monday.

A total of 25 Cubans in two separate groups came ashore on Miami Beach and Key Biscayne early Monday, raising to 64 the number of migrants rounded up since Saturday, a border patrol special agent said.

Nine other Cubans have been picked up in the Miami area and the Florida Keys since Saturday, as well as 30 Haitians in two boatloads at West Palm Beach. (Reuters)

Molasses Spill Kills
4 in Nicaragua

MANAGUA — Four men died over the weekend and seven remained in grave condition Monday after they were accidentally doused with scalding molasses at a Nicaraguan sugar processing plant, an official at a Managua hospital said.

The 11 victims, all employees at the San Antonio Refinery in Chichigalpa, 95 miles (150 kilometers) north of Managua, were doing repairs Saturday when a valve was opened into a tunnel where they worked, flooding it with molasses and scalding water, local newspapers reported. (Reuters)

EUROPE

Idled Russian Arms Experts Find Takers for Their Nuclear Know-How

By David Hoffman
Washington Post Service

MOSCOW — Boris Vinogradov, a tall, balding engineer with an easygoing manner, was once a captain of Soviet weapons technology. Even now, his office has the aura of a citadel of military science. In the center sits a giant globe, a monument to the planetary reach of his ambitions.

Mr. Vinogradov was among the elite who built the Soviet Union's anti-ballistic missile system over Moscow, a giant network of nuclear-armed rockets and radar. Their six-story headquarters at 80 Leningradsky Prospekt was ultra-secret and bore a simple name: The Scientific Research Institute of Radio Device Design.

A sign still hangs outside the institute, but in the new Russia, the scientists inside have barely survived. Today, their building is a beehive of another kind.

Dozens of Chinese men jostle huge yellow-bales of goods on their backs, carrying them up and down the stairs. They are "shuttle traders," the hardy,

cross-border merchants who lug cheap goods into Russia for meager wages. They have rented four floors of the institute and turned it into a warehouse for leather jackets and furs.

From his windows above them, Mr. Vinogradov, who spent 30 years in the highest ranks of the Soviet and Russian defense industry, looks down with bitterness. "I feel humiliation," he said.

His despair goes to the heart of one of the least understood but most significant consequences of the end of the Cold War and collapse of the Soviet military-industrial complex.

Tens of thousands of highly trained specialists who built Soviet weapons of mass destruction — nuclear, chemical and biological weapons and the means to deliver them — have been thrown onto the street in Russia's chaos of recent years. Their research institutes have been turned into warehouses, or just abandoned. Their government paychecks stopped.

Many have found other jobs in business. Still others have just disappeared.

Despite Western efforts to offer some of them civilian work, no one knows where all the weapons scientists have gone.

It is certain, however, that some have been caught up in a dangerous global contest for their skills. According to well-informed Russian and Western of-

which put people in jail," said Vladimir Orlov, director of the Center for Policy Studies in Russia, a nonproliferation group that exposed how Iraq bought Russian missile-guidance systems.

When the Soviet Union fell apart in 1991, alarm bells sounded in the West

but forfeited the right to travel abroad.

Today, this compact with the government is in tatters.

"It doesn't exist," said Mr. Vinogradov. "The government no longer provides wages, much less a decent standard of living, so the scientists just drift away."

Moreover, some of the early assumptions about the weapons scientists proved wrong. There was not a mass exodus from Russia, although some left. Instead, the spread of missile technology and nuclear know-how came from inside. Scientists could be approached without attracting attention. They did not have to leave Russia. The buyers came to them.

What could stop a nuclear warhead zooming through space? At the dawn of the ballistic missile era, Oleg Golubev was among the young Soviet scientists who puzzled over the idea in the summer of 1955. Mr. Golubev became designer of guidance systems for the interceptor rockets of a vast anti-ballistic missile system that Soviet leaders built over Moscow. The rockets, nicknamed

Galosh and Gazelle, would try to kill incoming missiles.

Their headquarters was a prestigious link in the Soviet military-industrial complex. They built two generations of anti-ballistic missile systems. The center piece was a pyramid-like, four-sided radar that watched over European Russia and beyond. Ultimately, their solution to the problem of stopping incoming warheads was to hit them with nuclear charges on the interceptor rockets.

Today, Mr. Golubev, 75, still comes to work three days a week. But the institute is in the throes of extinction.

Mr. Golubev earns the equivalent of \$45 a month, but his last paycheck was in 1995. Mr. Vinogradov, the deputy director, has not been paid regularly in 32 months. His salary is \$100 a month. These days, the only "Gazelle" in sight is a Russian light truck that arrives in droves to unload leather and fur coats.

The collapse of the institute is a metaphor for the larger implosion of the Soviet military-industrial complex.

At the same time, several nations aspiring to build — or already building — nuclear-armed missiles have been looking for technology and expertise.

"There is no danger that this information will be spreading to Iran, Iraq or North Korea through the walls of our institute," Mr. Vinogradov said. "Even when people who work in the institute are not being paid, I don't think the danger exists. But the people who left the institute, and who lost connection with the institute, with them, this danger exists."

In 1994, a group of businessmen who identified themselves as Jordanians came to the Scientific Production Association Energiash, the giant Soviet, then Russian, manufacturer of rocket engines.

Energiash, one of the leaders of the Soviet defense industry, built about 60 types of rocket engines over half a century. But in the early years after the Soviet collapse, work was scarce. Energiash was looking for contracts from abroad.

One day visitors, neatly outfitted in suits and ties, presented their business cards. They said they were from the "Gharbiye Company." They also outlined the technical specifications of rocket engines they wanted to buy. They needed regenerative, liquid-fueled engines with 3.5 to 4 tons of thrust. They specified the type of fuel and the configuration of the pumps, and that the engines would operate for 150 seconds and weigh 132 pounds (60 kilograms) without fuel.

On Nov. 18, 1994, two of the visitors signed a "letter of intent" with three Energiash officials for procurement of the engines. In handwriting at the bottom of the document it was noted: "Energiash will give as contractual obligation a complete knowledge about the design calculation, technology, process and testing of the engine components and a complete engine" upon signing a contract.

The visitors were, in fact, not from Jordan. They were from Iraq, part of an undercover delegation then shopping for missile parts at a number of leading Russian defense firms, despite the fact that Iraq was under a United Nations arms embargo.

Russian officials routinely deny that the state sponsored or approved of such deals. But the contacts did not cease. In the case of Weam Gharbiye, the Palestinian middleman who bought and shipped more than 800 sophisticated missile gyroscopes for Iraq, a criminal case was opened in Russia, but closed without prosecution, according to Mr. Orlov, director of the nonproliferation center.

Iraq also sent agents seeking missile and nuclear technology, and U.S. officials say they still are sending them.

Iraq and Iran, as well as China, India and North Korea, have all benefited from the expertise of Soviet and Russian scientists.

ficials, over the last seven years a steady stream of know-how and technology and, in some cases, the scientists themselves, has been reaped from Russia by nations hungry to build their own weapons of mass destruction.

Iraq and Iran, as well as China, India and North Korea, have benefited from Soviet and Russian weapons expertise. Russia has seen undercover groups and shady businessmen shopping for missile parts and technology. Export controls were practically nonexistent.

"I do not know if any major cases of prosecution of export control violations

about the fate of the core 2,500 to 3,000 nuclear scientists who had direct knowledge of bomb-building technology and were located in "secret" nuclear cities and laboratories.

But now it is clear that was only part of the problem. Just as vulnerable, if not more so, were tens of thousands of specialists who worked outside the weapons laboratories and beyond the barbed wire fences of the closed cities.

In the Soviet era, weapons scientists accepted a trade-off: They got better living standards than the general public and a chance to carry out their research,

which put people in jail," said Vladimir Orlov, director of the Center for Policy Studies in Russia, a nonproliferation group that exposed how Iraq bought Russian missile-guidance systems.

When the Soviet Union fell apart in 1991, alarm bells sounded in the West

RUSSIA: Has It Given Up Germ Weapons?

Continued from Page 1

nuclear and missile technology to Iran.

The debate turns partly on history. After developing germ weapons for several decades, the United States and Russia signed an international treaty in 1972 banning such arms. Almost immediately, Soviet defectors say, Moscow secretly redoubled its germ research and production.

Officials and lawmakers acknowledge that there is scant hard evidence to support their suspicions that Russia is cheating again, but they say Moscow's reluctance to open up its military bases is an ominous sign.

That may be changing. Two weeks ago, the officials said, a small group of Pentagon experts and senior defense scientists met their Russian counterparts for the first time at a once-closed military training institute in Tarnob, some 300 miles (480 kilometers) southeast of Moscow.

High on the agenda were possible scientific exchanges that may provide direct Western access to Russia's biological "holy of holies," as one official put it: four military installations — Serdovskiy, Posad, Kirov, Yekaterinburg (Sverdlovsk) and Strizhn — none of which has been visited by the West.

Officials said the military teams had agreed in principle to a series of military exchanges starting in the United States sometime next year.

The breakthrough is potentially significant. Iraq's entire germ arsenal contained enough deadly poison at its peak to kill all the people on Earth many times over, according to UN weapons inspectors.

But the Iraqi program was dwarfed by the amount and variety of weapons the Soviet Union had secretly amassed.

Stepnogorsk, in Kazakhstan, was the only major Soviet germ installation outside the Russian heartland. Called the Scientific Experimental and Production Base, it was known only by its post office box, No. 2076.

While Western intelligence analysts had deduced from the configuration of the buildings that it was designed to produce anthrax or other bacteriological agents, they never figured out precisely what kind of research was being done, what weapons the factory was making or what threat it posed.

Six stories high and two football fields long, the central factory there is filled with 10 giant fermentation vats, each meant to brew 5,000 gallons (19,000 liters) of anthrax microbes. Iraq's entire germ production could have just about fit into one of these vats. And Stepnogorsk was only one of six such Soviet plants.

"As you can see, we haven't made that in some time," Gennadiy Leposhkin, the base's director, told Pentagon experts and a reporter who recently walked through the anthrax plant, which is being dismantled with Pentagon aid. "And we will never do it again."

Its role in the confrontation between the superpowers remains unclear. Kanatjan Alibekov — or Ken Alibek, as he is now known — Stepnogorsk's former director who defected to the United States in 1992, says the plant was to produce as much as 330 tons of final "product" in a 200-day period if the order came to mobilize for war.

To this day, Moscow says Stepnogorsk made only vaccines and other defensive germ products. But Russian scientists who worked there in Soviet days and now run the place say otherwise.

Moreover, the remaining physical evidence of its real purpose is impossible to hide. Next to a concrete bunker is a machine that Mr. Alibek said was for filling and sealing bombs. Such equipment had never been discovered at any other Russian germ installation.

Moscow's lies on the issue during the Cold War, skeptics in Washington argue, make trust and cooperation impossible.

Skeptics note that Mr. Yeltsin has banned Russian experts from discussing any aspect of their country's germ history and has retained several generals instrumental in the Soviet program.



GROUND — Swedish salvage personnel attempting to extricate a Russian cargo aircraft from mud Monday after the Aernflot II-76 overshot the runway at Skavsta Airport in Nyköping, south of Stockholm.

Fragile Cease-Fire Holding in Kosovo

Compiled by Our Staff From Dispatches

PODUEJEVO, Yugoslavia — A fragile cease-fire was holding in northern Kosovo on Monday after four days of clashes between Belgrade's forces and the rebel Kosovo Liberation Army, but the situation remained tense.

"The cease-fire seems to be holding on," said Joergen Grunet, spokesman for the Kosovo verification mission of the Organization for Security and Cooperation in Europe. "The verifiers are in constant contact with commanders on the both sides."

The fighting has put new strains on an already fragile peace accord struck Oct. 12 that was brokered by the U.S. envoy Richard Holbrooke with President Slobodan Milosevic of Yugoslavia. That pact ended seven months of fighting in Kosovo, a province of Serbia that is largely populated by ethnic Albanians.

In Albania, the Parliament called Monday for intervention in Kosovo by the North Atlantic Treaty Organization, saying this was the only way to prevent a humanitarian disaster and open the way to a "political solution."

And the province's leading ethnic Albanian politician, Ibrahim Rugova, described the situation as "very difficult and dangerous."

He urged the United States and European powers to step up diplomatic efforts toward a lasting political settlement and prevent "ethnic cleansing" by Serb forces.

The Kosovo Information Center, run by Mr. Rugova's party, said 15,000 people had been displaced by the fighting, which erupted Christmas Eve when government forces attacked strongholds of ethnic Albanian rebels, searching for the killers of a Serb policeman.

The clashes around Podujevo, the main town in northern Kosovo, have left 16 dead on the Albanian side and one dead and six wounded among the Serbs, according to semi-official sources.

Podujevo is a strategic town on the main road crossing from Kosovo to Serbia. Eighty percent of its population is of ethnic Albanian origin.

Police patrols circulated Monday along the main road leading from Pristina, Kosovo's capital, to Podujevo, 35 kilometers (21 miles) to the north.

Podujevo's Serb mayor, Srdjan Biseric, told reporters that he met Monday with Vladimir Aleksandrov, a deputy of William Walker, chief of the verification mission, urging him to try to evacuate 13 Serbs who remain in three

villages controlled by the Kosovo Liberation Army — Obradza, Lapastica and Velika Reka.

Mr. Walker left Pristina on Monday for meetings in Vienna at the headquarters of the Organization for Security and Cooperation in Europe, and in Washington, the verification mission said.

The clashes around Podujevo, seen as a major breach of the cease-fire, have raised doubts over the role and fate of the truce observers.

Broislav Geremek, chairman of the Organization for Security and Cooperation in Europe, said Monday that the verification mission might have to be reconsidered in light of the new outbreak of fighting.

Mr. Geremek, the Polish foreign minister, expressed his "deep concern with the renewed fighting and the breach of the fragile cease-fire in Kosovo in recent days." He blamed both sides.

The Kosovo Information Center, meanwhile, reported that a military convoy with tanks left its barracks in Pristina on Monday and headed for the northern town of Kosovska Mitrovica.

According to Serb sources, three gypsies were killed in the town Sunday by ethnic Albanian rebels. (APF, AP)

On Nov. 18, 1994, two of the visitors signed a "letter of intent" with three Energiash officials for procurement of the engines. In handwriting at the bottom of the document it was noted: "Energiash will give as contractual obligation a complete knowledge about the design calculation, technology, process and testing of the engine components and a complete engine" upon signing a contract.

The visitors were, in fact, not from Jordan. They were from Iraq, part of an undercover delegation then shopping for missile parts at a number of leading Russian defense firms, despite the fact that Iraq was under a United Nations arms embargo.

Russian officials routinely deny that the state sponsored or approved of such deals. But the contacts did not cease. In the case of Weam Gharbiye, the Palestinian middleman who bought and shipped more than 800 sophisticated missile gyroscopes for Iraq, a criminal case was opened in Russia, but closed without prosecution, according to Mr. Orlov, director of the nonproliferation center.

Iraq also sent agents seeking missile and nuclear technology, and U.S. officials say they still are sending them.

BRIEFLY

Cyprus to Decide On Russian Missiles

NICOSIA — Cyprus will decide Tuesday whether to go ahead with a deployment of Russian missiles that Turkey has threatened to destroy if they are brought to the divided Mediterranean island.

With the Russian manufacturers impatient to ship the S-300 missiles before a year-end deadline, President Glafos Clerides left Monday for Athens and will discuss the matter Tuesday with the Greek prime minister, Costas Karamanlis. (Reuters)

Talks in Ankara

ANKARA — Turkey's prime minister-designate, Yilmaz Ertug, began talks Monday with party leaders in an effort to forge a new coalition before the elections set for April.

Mr. Ertug, the trade and industry minister, received a mandate last week to form a government after Bulent Ecevit of the Democratic Left Party failed to put together a viable coalition. Turkey's conservative-led alliance collapsed last month under charges of corruption. (Reuters)

Strasbourg Violence

STRASBOURG — Youths burned cars, hurled objects at buses and tried to set a primary school classroom on fire in a second night of violence here, officials said Monday.

Firefighters quickly extinguished the flames at the school in Strasbourg-Hautepierre, after youths threw a bottle of burning gasoline through a window on Sunday night. Seven cars were set on fire early Monday, bringing to 27 the number of vehicles burned since the violence broke out after a public concert Saturday night. (AP)

Poll Favors Le Pen

PARIS — Jean-Marie Le Pen, the leader of the extreme-right National Front in France, has the backing of a majority of members in the power struggle that has split his party, a poll indicated Monday. Three weeks after the party's now suspended deputy, Bruno Megret, openly challenged Mr. Le Pen, a survey by the CSA polling institute published in the daily Liberation showed the 70-year-old founder of the party far ahead of Mr. Megret, 49, among the party's electorate. (APF)



Thabo Mbeki, who lacks a common touch and is seen as cerebral.

Behind Mandela's Shadow, a Man With a Mission

By Suzanne Daley
New York Times Service

ENGINGWANA, South Africa — Thabo Mbeki, the deputy president of South Africa, earned his degree in economics from the University of Sussex in England and is rarely seen in anything less formal than a double-breasted suit and a silk tie.

But this weekend, Mr. Mbeki, who is virtually certain of becoming the country's next president, traveled to his remote, rural village where he was raised and where his mother still runs the local store in a room about the size of a garage. Here, where the houses and huts are separated by dirt paths — often clogged with cows and sheep — and the fields stretch unbroken over the hilly horizon, South Africans got to see a slightly different Mr. Mbeki.

He wore a single strand of his tribal beads over an open-necked shirt. And, as is traditional in his Xhosa tribe, he sat with the village elders in his mother's cattle

pen, drinking home-brewed beer and barbecuing freshly slaughtered meat.

A question about who Mr. Mbeki is still hangs in the air in South Africa. In recent months, he has appeared to be making an effort to provide an answer. It would be difficult for any man to come out from behind President Nelson Mandela's shadow. But it is perhaps even harder for Mr. Mbeki than it might be for others because he lived in exile for more than 30 years and is clearly ill-at-ease in the public eye.

The events this weekend, including a feast for thousands of villagers, was a way of showing South Africans who remain somewhat suspicious of him that his roots are indeed here along South Africa's southeast coast.

"They will see him in this place," said Smuts Ngonnyama, director of information for the governing African National Congress, "and they will know that he is one of them."

The expedition to his hometown also made it possible for Mr. Mbeki, 56, to

remind South Africans of his own credentials in the struggle for South Africa, even if they do not reach the stature of Mr. Mandela's 27 years in prison. The Mbeki family was deeply involved in the anti-apartheid movement, and several of Mr. Mbeki's family members — including a brother — disappeared and are presumed to have been killed by the police.

By all accounts, the deputy president has been running the day-to-day affairs of the country for several years now, and last year he became the president of the African National Congress. The party is expected to win elections next year easily, but it is hoping for a very large majority and so Mr. Mbeki's image counts.

Despite Mr. Mbeki's obvious prominence in the party, it is Mr. Mandela who is always in the headlines. His touch with the people has produced an abundance of heart-warming pictures as he hugs children and beauty queens and greets celebrities and heads of state. Mr. Mbeki appears to have no such touch. He is

cerebral and stiff. But more and more he has been going public in his own way.

A collection of Mr. Mbeki's speeches, called "Africa, the Time Has Come," was published this month. Mr. Mbeki spent years as a speechwriter for the African National Congress, and even if his delivery tends to be uninspired, some of his speeches have been memorable, rising almost into poetry. He is famous throughout South Africa for a speech everyone calls the "I am an African" speech, which uses that line as a refrain.

"I am an African," it begins. "I owe my being to the hills and the valleys, the mountains and the glades, the rivers, the deserts, the trees, the flowers, the seas and the ever-changing seasons that define the face of our native land."

The speech he gave to Parliament on the day South Africa passed its new constitution in 1996 ends with, "Nothing can stop us now."

Most often Mr. Mbeki, who is married but has no children, is described as a workaholic. Indeed, during the hours of speeches and traditional dancing and singing in honor of Mr. Mbeki on Sunday, Mr. Mbeki came over from his own rural village where he vacations to say hello and to tweak his deputy for working too hard.

When it was Mr. Mbeki's turn at the microphone, he told a few jokes, but quickly got down to business. In the briefest speech of the day, he said that some South Africans do not know what to do with their newfound freedom.

Some, Mr. Mbeki said, believe that freedom means they can rape and steal other people's property. Some believe that freedom means they do not have to go to work. Some teachers, he said, are showing up at school drunk and some police officers are corrupt and even ANC officials were lining their pockets. "Something is amiss here," he said. "We shall note all this next year and change our patterns."

Stigma of AIDS Leads to a Killing in South Africa

By Donald G. McNeil Jr.
New York Times Service

JOHANNESBURG — A volunteer working to persuade South Africans not to discriminate against HIV-infected people was beaten to death last week by her neighbors, who accused her of bringing shame on their community by revealing that she was HIV-positive.

The killing scared other public-health workers, who said it proved what they have said for years — although 3 million South Africans are infected with the virus that causes AIDS, most are afraid to admit it because of the hostility they face.

The woman who was killed — Gugu Diamini, 36, a volunteer field worker for

the National Association of People Living With HIV/AIDS — went public on World AIDS Day, Dec. 1, speaking about her HIV infection on Zulu-language radio and on television.

Since then, according to nurses who knew her, she was repeatedly threatened by neighbors in her township of KwaMashu, outside Durban, who said she was giving their community a bad reputation. Last Monday, she was punched and slapped by a man who told her that many others who were sick kept quiet about it.

South Africa has the world's fastest-growing AIDS epidemic, according to the latest UNAIDS reports, and KwaZulu-Natal, where Ms. Diamini lived, is the

worst-hit province. Up to 30 percent of adults there are infected.

Although Ms. Diamini called the police that day, they did nothing, friends told a local newspaper. That night, a mob attacked her house and stoned her. Kicked her and beat her with sticks. She died the next day.

"She was a nice, bright woman, and now her child is an orphan because of AIDS," said Mercy Makhalamele, an administrator for the association. "But not because she died of it. Because she was trying to exercise her constitutional right to freedom of speech."

Prudence Mabele, the first black South African woman to admit being HIV-positive, said she was threatened many times

after coming forward in 1994. She moved out of her township into downtown Pretoria largely out of fear, she said.

Kevin Osborn, a former local leader of the association, said he thought the killing would "put the cause of people with AIDS two steps back."

Ms. Makhalamele said she was not sure, thinking it might galvanize anger in the small activist community.

They have an uphill task. The head of the association, Peter Busse, said last month that fewer than 100 of the country's 3 million infected people were completely open about it. "When something like World AIDS Day comes around, we have trouble finding 20 people to go on television and radio shows," he said.

after coming forward in 1994. She moved out of her township into downtown Pretoria largely out of fear, she said.

Kevin Osborn, a former local leader of the association, said he thought the killing would "put the cause of people with AIDS two steps back."

Ms. Makhalamele said she was not sure, thinking it might galvanize anger in the small activist community.

They have an uphill task. The head of the association, Peter Busse, said last month that fewer than 100 of the country's 3 million infected people were completely open about it. "When something like World AIDS Day comes around, we have trouble finding 20 people to go on television and radio shows," he said.

Floating on Millennium Optimism

Fashion Sets The Tone for Celebration

By Suzy Menkes
International Herald Tribune

PARIS — Like a dedicated party-goer laying down champagne for future celebrations, fashion already seems to be in pre-millennium mode. There is a mood of light-hearted optimism in clothes both in the street and on the catwalk — even before this year's end has been ritually feied on Thursday.

In contrast to the black, grungy, angst-ridden images that have dominated the 1990s, the predominant message from avant-garde designers is a feeling of hope and regeneration that traditionally comes with a new century.

Think of 1999 as the year of the balloon. The attempt last week by Richard Branson to float around the globe may have been a noble failure, but it captured the current madcap spirit.

Hey, you can't wear a balloon! Oh, yes you can! The inflatable dress is the ultimate in fashion whimsy for the new season.

First there were the swelling torsos, shoulders or necklines from the Dutch designers Viktor and Rolf, who filled out their colorful clothes with blown-up balloons inside them. Out bounced the outfits onto the runway — a Pierrot collar puffed up on a silver body suit or

a harlequin outfit with its bodice inflated like a life jacket. When the pneumatic effects were deflated, the extra folds of fabric just draped gracefully.

The witty and whimsical show of Yohji Yamamoto also had a blown-up dress — part of a bridal theme that had started the previous season with a wedding dress unfurled from strings like a parachute.

Then there are balloons as playful accessories. At the finale of Alberta Ferretti's spring-summer show in Milan, the models batted balloons around

as though they were chasing soap bubbles.

In a similar fashion spirit are puffed tulle skirts, voluminous but feather-light, from designers as diverse as the American Betsey Johnson, who even sent out a frilly tutu, to France's Thierry Mugler, whose models had dresses like spun sugar and hair in giant pom-poms.

If you were searching for a fun accessory for New Year's Eve, think of party favors to go with that sober little black dress. Colored streamers tied

round the wrists at Christian Lacroix played on a ribbon theme that ran through the spring collections. There were ribbons decorating hems, weaving a lattice across a bodice, dangling at the knees from Marc Jacobs's pedal pushers or tied in bows down the spine of a good little girl's party dress from Ferrerri.

What else is in the party spirit? There are ruffles at the shoulders (Lacroix), blouse hem (Gucci) or cascading down skirts (Alexander McQueen); balloon sleeves on peasant-style blouses at Valentino; gleaming gold from the usually discreet Jil Sander, and a dramatic gold leather collar from Jeremy Scott.

In fact, you might be forgiven for thinking that Christmas decorations had been taken down from the tree and used on clothing. Dresses shimmer with a silver dust of sequins and hologram patterns create high-shine surfaces. At the upbeat show of the ebullient knitwear designer Julien Macdonald, woolies dangled with fringe, flower appliques and beads.

What does all this party business mean? The future may be grim, but fashion seems finally to have left the security of looking backward. Instead of its retro trail through past decades and its focus on the bleaker side of life expressed by so-called grunge or "heroin chic," there is a mild feeling for futurism and a hedonistic enjoyment of the present. The Spice Girls and their sense of fun are the mascots of the moment.

The photographers who are marking the end of the 20th century are Ellen Von Unwerth, with her lark, spunky, feminist approach; David La Chapelle, who created arresting, technicolor Adam and Eve images for Giorgio Armani; Mario Testino's groups having a good time, and the vivid, computer-enhanced photographs of Inez Van Lamsweerde and Vinoodh Matadin.

For the editors of the avant-garde publication *Visionaire*, fantasy is the spirit of modern times. Their latest edition is filled with upbeat images (all presented in circular bauble shapes) including those Viktor and Rolf inflated suits and other fantastical visions by leading photographers and fashion stylists.

round the wrists at Christian Lacroix played on a ribbon theme that ran through the spring collections. There were ribbons decorating hems, weaving a lattice across a bodice, dangling at the knees from Marc Jacobs's pedal pushers or tied in bows down the spine of a good little girl's party dress from Ferrerri.

What else is in the party spirit? There are ruffles at the shoulders (Lacroix), blouse hem (Gucci) or cascading down skirts (Alexander McQueen); balloon sleeves on peasant-style blouses at Valentino; gleaming gold from the usually discreet Jil Sander, and a dramatic gold leather collar from Jeremy Scott.

In fact, you might be forgiven for thinking that Christmas decorations had been taken down from the tree and used on clothing. Dresses shimmer with a silver dust of sequins and hologram patterns create high-shine surfaces. At the upbeat show of the ebullient knitwear designer Julien Macdonald, woolies dangled with fringe, flower appliques and beads.

What does all this party business mean? The future may be grim, but fashion seems finally to have left the security of looking backward. Instead of its retro trail through past decades and its focus on the bleaker side of life expressed by so-called grunge or "heroin chic," there is a mild feeling for futurism and a hedonistic enjoyment of the present. The Spice Girls and their sense of fun are the mascots of the moment.

The photographers who are marking the end of the 20th century are Ellen Von Unwerth, with her lark, spunky, feminist approach; David La Chapelle, who created arresting, technicolor Adam and Eve images for Giorgio Armani; Mario Testino's groups having a good time, and the vivid, computer-enhanced photographs of Inez Van Lamsweerde and Vinoodh Matadin.

For the editors of the avant-garde publication *Visionaire*, fantasy is the spirit of modern times. Their latest edition is filled with upbeat images (all presented in circular bauble shapes) including those Viktor and Rolf inflated suits and other fantastical visions by leading photographers and fashion stylists.

round the wrists at Christian Lacroix played on a ribbon theme that ran through the spring collections. There were ribbons decorating hems, weaving a lattice across a bodice, dangling at the knees from Marc Jacobs's pedal pushers or tied in bows down the spine of a good little girl's party dress from Ferrerri.

What else is in the party spirit? There are ruffles at the shoulders (Lacroix), blouse hem (Gucci) or cascading down skirts (Alexander McQueen); balloon sleeves on peasant-style blouses at Valentino; gleaming gold from the usually discreet Jil Sander, and a dramatic gold leather collar from Jeremy Scott.

In fact, you might be forgiven for thinking that Christmas decorations had been taken down from the tree and used on clothing. Dresses shimmer with a silver dust of sequins and hologram patterns create high-shine surfaces. At the upbeat show of the ebullient knitwear designer Julien Macdonald, woolies dangled with fringe, flower appliques and beads.

What does all this party business mean? The future may be grim, but fashion seems finally to have left the security of looking backward. Instead of its retro trail through past decades and its focus on the bleaker side of life expressed by so-called grunge or "heroin chic," there is a mild feeling for futurism and a hedonistic enjoyment of the present. The Spice Girls and their sense of fun are the mascots of the moment.

The photographers who are marking the end of the 20th century are Ellen Von Unwerth, with her lark, spunky, feminist approach; David La Chapelle, who created arresting, technicolor Adam and Eve images for Giorgio Armani; Mario Testino's groups having a good time, and the vivid, computer-enhanced photographs of Inez Van Lamsweerde and Vinoodh Matadin.

For the editors of the avant-garde publication *Visionaire*, fantasy is the spirit of modern times. Their latest edition is filled with upbeat images (all presented in circular bauble shapes) including those Viktor and Rolf inflated suits and other fantastical visions by leading photographers and fashion stylists.

round the wrists at Christian Lacroix played on a ribbon theme that ran through the spring collections. There were ribbons decorating hems, weaving a lattice across a bodice, dangling at the knees from Marc Jacobs's pedal pushers or tied in bows down the spine of a good little girl's party dress from Ferrerri.

What else is in the party spirit? There are ruffles at the shoulders (Lacroix), blouse hem (Gucci) or cascading down skirts (Alexander McQueen); balloon sleeves on peasant-style blouses at Valentino; gleaming gold from the usually discreet Jil Sander, and a dramatic gold leather collar from Jeremy Scott.

In fact, you might be forgiven for thinking that Christmas decorations had been taken down from the tree and used on clothing. Dresses shimmer with a silver dust of sequins and hologram patterns create high-shine surfaces. At the upbeat show of the ebullient knitwear designer Julien Macdonald, woolies dangled with fringe, flower appliques and beads.

What does all this party business mean? The future may be grim, but fashion seems finally to have left the security of looking backward. Instead of its retro trail through past decades and its focus on the bleaker side of life expressed by so-called grunge or "heroin chic," there is a mild feeling for futurism and a hedonistic enjoyment of the present. The Spice Girls and their sense of fun are the mascots of the moment.

The photographers who are marking the end of the 20th century are Ellen Von Unwerth, with her lark, spunky, feminist approach; David La Chapelle, who created arresting, technicolor Adam and Eve images for Giorgio Armani; Mario Testino's groups having a good time, and the vivid, computer-enhanced photographs of Inez Van Lamsweerde and Vinoodh Matadin.

For the editors of the avant-garde publication *Visionaire*, fantasy is the spirit of modern times. Their latest edition is filled with upbeat images (all presented in circular bauble shapes) including those Viktor and Rolf inflated suits and other fantastical visions by leading photographers and fashion stylists.

round the wrists at Christian Lacroix played on a ribbon theme that ran through the spring collections. There were ribbons decorating hems, weaving a lattice across a bodice, dangling at the knees from Marc Jacobs's pedal pushers or tied in bows down the spine of a good little girl's party dress from Ferrerri.

What else is in the party spirit? There are ruffles at the shoulders (Lacroix), blouse hem (Gucci) or cascading down skirts (Alexander McQueen); balloon sleeves on peasant-style blouses at Valentino; gleaming gold from the usually discreet Jil Sander, and a dramatic gold leather collar from Jeremy Scott.

In fact, you might be forgiven for thinking that Christmas decorations had been taken down from the tree and used on clothing. Dresses shimmer with a silver dust of sequins and hologram patterns create high-shine surfaces. At the upbeat show of the ebullient knitwear designer Julien Macdonald, woolies dangled with fringe, flower appliques and beads.

What does all this party business mean? The future may be grim, but fashion seems finally to have left the security of looking backward. Instead of its retro trail through past decades and its focus on the bleaker side of life expressed by so-called grunge or "heroin chic," there is a mild feeling for futurism and a hedonistic enjoyment of the present. The Spice Girls and their sense of fun are the mascots of the moment.

The photographers who are marking the end of the 20th century are Ellen Von Unwerth, with her lark, spunky, feminist approach; David La Chapelle, who created arresting, technicolor Adam and Eve images for Giorgio Armani; Mario Testino's groups having a good time, and the vivid, computer-enhanced photographs of Inez Van Lamsweerde and Vinoodh Matadin.

For the editors of the avant-garde publication *Visionaire*, fantasy is the spirit of modern times. Their latest edition is filled with upbeat images (all presented in circular bauble shapes) including those Viktor and Rolf inflated suits and other fantastical visions by leading photographers and fashion stylists.

BOOKS

MY GERMAN QUESTION

Growing Up in Nazi Berlin

By Peter Gay. 208 pages. \$22.50. Yale.

Reviewed by Jonathan Yardley

PETER GAY, now emeritus professor of history at Yale, is well known in the scholarly and literary communities as the writer of numerous large and ambitious books, many dealing with social history and bourgeois life, nearly all heavily influenced by Freud.

What is far less widely known is that although Gay writes in English, it is not his native language; he was born Peter Joachim Froehlich in 1923 in Germany, and fled the Nazis 16 years later with his mother and father.

Unlike others thus affected by Nazism, Gay does not see himself as a victim and declines to present himself as such. By contrast with millions of others, he suffered relatively little, survived without physical injury and made a handsome career for himself in his new country. But to this day, he writes, he is afflicted by what he calls "my German problem," essential components of which are a hatred for Germany and Germans that did not begin to abate for many years, and a sense that few people who were not German Jews living under Nazi rule can fully appreciate the complexities of their existence.

It is widely assumed that "Germany's Jews in Hitler's Reich had gone to their slaughter like lambs," an allegation that

when presented to Gay led him to ask: "Why didn't we pack our bags and leave the country the day after Hitler came to power?" This memoir is an attempt to address that question, in personal terms but ones that have broader pertinence.

The beloved only child of middle-class parents — his father was in "the crystal and china business" — who were highly cultured and strongly attached to a large extended family, Gay grew up thinking of himself far less as a Jew than as a German. "There are three ways of becoming a Jew," he writes: "by birth, by conversion, by decree."

The Nazis, as they began to crack down on Jews in the early 1930s, made him a member of the third group, but he and his parents "did not want to be Jews by Nazi edict; their definition of our 'race' was just another lie that we repudiated as unhistorical and unscientific."

To some extent the Froehlichs, like the Finzi-Continis in their famous garden, simply denied what they saw all around them. But two things mattered more. One was that "we were Germans; the gangsters who had taken control of the country were not Germany — we were." The other was that for a long time life went on pretty much as it always had, a "reminder that major public tremors and mundane private matters easily co-existed." It was harder than it is in hindsight to work up a sense of urgency; this did not come until the summer of 1938, when Gay's father was evicted from his firm

"without compensation and, given the Nazis' legal and judicial system, without recourse."

It was then, as "other portents proliferated and at unprecedented speed," that the little family began to try to flee. It was able to do so because of the courage and persistence of Gay's father, the convenience of having close relatives in Florida and a substantial amount of plain good luck. The Froehlichs missed the gas chambers by little more than a wink and a whistle.

They went first to Havana, then to the United States, where they settled in Colorado. Young Peter set about becoming American with determination — his change of name was an early move in that direction — and soon became an American success. But the "vast physical distance from Nazi Germany, even the free air we had yearned so desperately to breathe, had not automatically diminished the pressure of the past. Let alone erased it."

It took a long time for Gay to reach an accommodation with Berlin, a city he had loved deeply. He describes his reluctance to cross the border into Germany, his apprehension that as a Jew he would be treated cruelly, his impatience with those who misunderstood the complex situation in which, as a boy, he had lived. He knows even now that Germany will always stir deep emotions within him, many of them unpleasant, but he has come to terms with it.

Washington Post Service

CHESS

By Robert Byrne

YOU hear a lot of complaints from tournament players about what a burden it is keeping abreast of the latest developments in opening practice. Now the computer has been pressed into service, and its remarkable speed makes it possible to add an enormous number of openings to your and your opponent's storehouses. In the game between the Manhattan grandmaster Nick DeFirmian and the French international master David Marciano in the ninth round of the Chess Olympiad, it was not until the 20th move that play diverged from previous channels. The American had worked out a new method and went on

to score a victory that gave his team a 2½-1½ triumph over France.

The Petrov Defense, 2...Nf6, is a counterattack intended to keep White from obtaining a serious initiative. Its symmetry is short-lived, as can be seen after White's attack on the center with 8 c4.

The sally, 8...Nb4, is part of a plan to disturb the white pieces and prevent them from digging in on their favorite squares.

After 12...c6, DeFirmian played 13 Ra1 against Gregory Kaidanov in New York 1994, but after 13...d4 14 Be4 a5 15 a3 Nc3 16 ab Nb5 17 ba Ra5 the game was even. This time he was determined to get more.

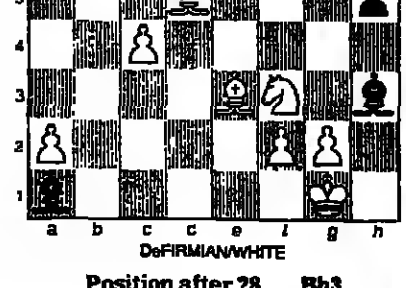
The key point of Black's strategy is 14...Ne2, with the idea that on 15 Ra1 Nc3 16 fe, White gets a backward e pawn and Black the bishop pair. But lately White has countered this with a sacrifice of rook for knight and pawn with 15 Qb7! Nal 16 Ra1.

After 20...Re8 21 e4! Rg4 22 Bd5, DeFirmian had picked up more material and defended his king at the same time.

Marciano's 22...Re5 23 de Ba1 made a mess of the white pawns, but the important thing was that a lot of them were still there.

After 26...c6, Marciano might have tried 26...Bd5 27 c7 Rg2 28 Kg2 Bf3 29 Kf3 Qf6 30 Ke2 Qb2 31 Bd2 Qe5, but on 32 Kf1, there are no more checks and DeFirmian queens his c pawn and wins.

After 29 Be4!, Marciano saw that 29...Bg2 30 Ng5! would crush him, and he gave up.



Position after 28...Bb3

CROSSWORD

ACROSS

- Shells, for short
- "Not on —"
- Mark left by Zoro?
- Instrument for an athlete
- Pre-stereo
- Dramatic entrance announcement
- Blooper
- Verve
- Hertz rival
- Little guy getting the third degree?
- Woe, to Burns
- "Gent"
- Kind of crew
- Neatly combed cummerbund?
- Hunter in the night sky
- Lamp type
- Filmmaker Jacques
- Lesley of "60 Minutes"
- Penit, Cambodia
- Ropes, as a doge
- Cartoon "Mr."
- Gambling locale for the taciturn?
- French dramatist Antonin
- Sounds from Santa
- Fishing aid
- Bright-red ungleared china?
- They may clash in business
- Shower
- Addicts
- Letter for Gandalf
- Tied
- Sign up
- Caddie's bagful
- Withhold, as funds
- Concerning
- Beginning
- Jeans brand
- Tramp
- Robert Burns, for one
- Subway artwork
- Louis-Philippe and others
- Gulf
- "Yay, leam!"
- 3.7 and 4.0, e.g.
- Train V.I.P.'s
- Nary a soul
- Fused
- 4:00 gathering
- No longer worth discussing
- Hare's tail
- Poe's The — of the Red Death
- Climb, in a way
- Fortune 500 listings: Abbr.
- On the qui vive
- Scamp
- Dinner leftover for Bowser
- Donkeys
- Carry on
- "Tree —"
- Annapolis sch.
- Twaddle
- pitch softball

DOWN

- Mimic
- Russian space station
- Tequila drink
- about (circ)
- Saurterd
- Word with crashing or tidal
- St. Geraint's wife
- Like Cinderella's slipper, to her stepsisters
- Jump involuntarily
- Quibble
- can you spare —
- Grating

Solution to Puzzle of Dec. 28

HARE BALK USES ORAL ODE ANKLE BEGINNING OF TIME SAS INRE RAINS AID DARE BADGE BEEN DRAT SEPTEA OMEGA EWE CENTRAL AMERICAN ABE ADOTIS WADON TEAS VAIL TRONE ILES TAI SWEAR GAGA VIA STORYBOOK KENOING PURRS WREN ANTE ANNA LEND MIDOD

ART

ROYAL THEATRE, NEW YORK

WHITMAN'S THEATRE, LONDON

DreamWorks Dreams Big

Moses Film Parts the Seers

By Geraldine Fabrikant
New York Times Service

NEW YORK — It was to be the film in which the DreamWorks SKG partner, Jeffrey Katzenberg, would step out of Michael Eisner's shadow — an animated story with a huge box office, just like "The Lion King" and other hand-drawn hits that Mr. Katzenberg helped oversee before his bitter split with Mr. Eisner and Walt Disney Co. several years ago.

But this film, "The Prince of Egypt," was also to be something more: a movie with a serious theme that audiences would recognize as raising the art of mass-market animation to a new level. Yet while the Christmas weekend ticket sales should please Mr. Katzenberg — the animated story of Moses has held up at the U.S. box office in the face of intense competition from other holiday films — many people in Hollywood say that two weeks after its release, the movie is not showing signs of becoming a megahit.

"It's still early," an executive with a major theater chain said, speaking on condition of anonymity. "But 'Prince of Egypt' didn't do the kind of opening that forecasts a \$100 million film."

The \$100 million U.S. box-office benchmark is significant, because industry estimates place the cost of making the film at \$75 million to \$100 million. And DreamWorks is widely thought to have spent as much as \$50 million to promote it. But whether it was a matter of misjudging the public's appetite for a serious animated film during the holiday season or simply running into heavy competition that may be fragmenting the audience, or perhaps even exposing new fault lines in the animation market, Mr. Katzenberg and DreamWorks have found that it is not easy to out-Disney Disney.

The film opened Dec. 18 in the United States, bringing in \$14.5 million in its first weekend. By Sunday afternoon, executives of DreamWorks were estimating \$15.3 million for its second weekend, a number that several industry executives at other studios said they found overly optimistic. Using the DreamWorks numbers, the movie has brought in \$40.2 million since it opened.

An executive close to DreamWorks who requested anonymity said he was convinced that the film would gross more than \$100 million. Others put the final figure at \$80 million to \$90 million in the United States.

Although the film is clearly a critical success, the latter figures would not seem to put it on track for the kind of financial success of two more light-hearted holiday-season animated offerings.



Early ticket sales for 'The Prince of Egypt' should please Jeffrey Katzenberg, the film's executive producer, but experts question the long-term prospects.



Mr. Katzenberg (C.N.T. Network Photo)

"The Rugrats Movie," a Viacom Inc. movie that had grossed \$76.8 million after four weeks, cost a mere \$25 million to make. Meanwhile, Disney's "A Bug's Life," which has taken in nearly \$100 million for the same period, is the biggest hit of the group and cost about \$40 million.

Though studios keep only about half of the box-office gross, once a film reaches a critical level, movie company executives can project how much it will reap from sales in cable, videocassette and other markets. If they know the film's cost and marketing expenses, they can use those projections to estimate when it will reach profitability.

Because DreamWorks has kept its costs a well-guarded secret, it is hard to gauge how much money "Prince of Egypt" would make if it took in \$85 million at the U.S. box office.

Mr. Katzenberg, the executive producer of "The Prince of Egypt," reached by telephone Sunday in Hawaii, where he was vacationing, declined to comment.

The movie is not the first animated film from DreamWorks, a company founded with much fanfare in 1994 as a partnership of Mr. Katzen-

See FILM, Page 14

Creditors Freeze Loans To LG Over Foiled Deal

Compiled by Our Staff From Dispatches

SEOUL — LG Semicon Co.'s creditors agreed unanimously Monday to freeze fresh loans to the chipmaker after it obstructed a merger with Hyundai Electronics Industries Co.

The move marks the first joint punitive action taken by banks against South Korea's powerful and sprawling conglomerates.

LG's creditors, under government pressure, also agreed to discuss the possibility of calling in existing loans to the company. Commercial Bank of Korea, the main creditor, said it gave no timetable for that move.

The government demanded the merger between Hyundai, the second-largest South Korean chipmaker, and LG. After prolonged negotiations, the companies agreed to split the new entry 70-30 and let consulting firm Arthur D. Little decide which should have the bigger stake.

On Thursday, the consultant ruled that Hyundai should control what would be one of the world's biggest memory-chip companies. But the president of LG Semicon, Koo Bon Joon, said his company rejected the decision and would sue the consultant for damages resulting from its "fictitious and arbitrary" report.

The planned merger has become a symbol of a government-led drive to restructure the country's highly leveraged corporate sector and ease overcapacity in key industries.

The government blames the top five conglomerates — Hyundai, LG, Samsung, Daewoo and SK — for destabilizing the economy with ill-considered, debt-fueled expansion, contributing to South Korea's current recession, the worst in 45 years.

The trouble over the merger deal has also turned into a bitter dispute among South

Korean political groups over how to restructure crisis-hit industries.

The opposition leader, Lee Hoi Chang, accused the government of pushing a corporate reform drive "only for demonstrative effect," arguing that forced industrial realignment would backfire.

"There should be no more pressure on firms," Mr. Lee said. "The deal to combine semiconductor firms must be scrapped."

Kim Won Kil, a top policymaker of the governing coalition, said the government would not backpedal on its determination to see its plans implemented.

"The government's determination is firm," Mr. Kim said, urging LG Group to consolidate its overblown semiconductor arm with the rival Hyundai Group unit or face financial sanctions.

President Kim Dae Jung said Monday that he hoped LG Semicon would implement the accord between the government, the businesses and the financial community.

The government has said that if the assessment is not followed, those responsible for the violation could face financial penalties.

Analysts said LG Semicon's move was aimed at securing a better negotiating position in future discussions on the merger and in other business swaps.

"I don't think LG has the guts to fight with the government," said Lee Jae Hyok of Daiwa Securities. "It simply wants more time."

Reforming the conglomerates, which owe creditors a combined 160 trillion won (\$132.8 billion), is a priority for the Kim administration, which is trying to make South Korean companies more competitive abroad.

(Reuters, Bloomberg, AFP)

Web-Stock Craze Gains Altitude

Reuters

NEW YORK — Investors looking to get in on the frenzy surrounding U.S.-listed Internet stocks are pouring money into companies with ever looser ties to the World Wide Web.

On Monday, shares in SkyMail Inc., a catalog company that mainly caters to airline passengers but does a small part of its sales on the Internet, nearly tripled — it was the second most actively traded U.S. stock — and shares in Active Apparel Group Inc. soared about 10 percent after the sportswear company started selling its clothing on the Web. (Page 10)

The action was only the latest sign that a company's quickest path to stock-market fa-

vor is just a hint of a step toward becoming an Internet player.

"Right now, that seems to be all it takes," said Guy Truicko, portfolio manager at Unity Management.

But analysts warn that valuations for many Internet companies may be out of control and that eventually prices could come back to earth. (Page 13)

"We're getting to the place where you have to think about taking the other side of this trade," either by taking profits or selling stocks short, Mr. Truicko said. "But by the same token, I'm certainly not going to try to call the top of this thing."

New Dilemma for Tokyo: Surging Rates

Massive Stimulus Program Lifts Bond Yields, Putting Recovery at Risk

Bloomberg News

TOKYO — Japan's \$210 billion remedy for recession has caused an unwelcome side effect: higher interest rates.

As government bond prices plunged ahead of a flood of debt to fund a tax cut and public works plan, the yield on the benchmark 10-year issue doubled in a month. That threatens recovery in the world's second-largest economy, because the yield is used as a reference to set rates on everything from corporate bonds to mortgages.

Investors were already concerned that the eighth government stimulus package in six years emphasized public works spending at the expense of a cut in sales tax for consumers. Now, even proposals investors welcomed most, such as tax breaks for home buyers, may be canceled out as banks start raising rates for housing loans.

"It's a disaster on top of a disaster," said Marshall Gittler, head of Asian currency strategy at Bank of America. "The only support for corporate profits over the last several years has been falling interest rates."

On Monday, Sakura Bank Ltd., the fourth-largest commercial bank, raised its rates for two of its 10-year mortgage loans by 0.25 and 0.75 percentage point.

While the Bank of Japan is likely to keep its overnight borrowing rate at 0.25 percent, its 2.2 percent prime rate for loans of more than five years should rise half a point at next fixing if bond yields stay at current levels.

"Higher rates aren't a desirable thing, and they could be negative for business revival," said Satoru Kishi, president of Bank of Tokyo-Mitsubishi Ltd., the largest Japanese lender.

Although banks may profit on the spread between their low short-term funding costs and higher lending rates, they worry that demand for loans could dry up. They also face losses on bond investments, after underestimating the government's ability to support the bond market as it funds the 24 trillion yen (\$205.88 billion) package.

Analysts say yields may go even higher. Investors have got the jitters. The benchmark Nikkei 225-stock index fell 3 percent last week and a further 0.64 percent Monday, to 13,709.06 points.

"The prospect of interest rates climbing with the economy in recession is frightening," said Keiji Kojima of Kokusai Securities Co.

Aoki Corp. last week became the third mid-sized builder in two months to seek forgiveness from creditors, following Fujita Corp. and Haseko Corp. If smaller companies cannot pay or will not pay on their debts, Mr. Kojima said, banks may apply the higher interest rates only to the biggest companies.

Home owners are also ill-equipped for higher rates. On Monday, the daily Nihon Keizai Shimbun reported that the Construction Ministry would ask private banks to ease terms of mortgage payments for struggling home owners.

Unemployment rose to a record 4.4 percent last month, and the International

Monetary Fund has forecast that the economy will shrink 2.8 percent this year and 0.5 percent next.

"If the home mortgages go to 2.5 percent from 2.2 percent, the effects of the tax breaks offered in the latest stimulus program will be completely nullified," said Yosuke Mitsusada, a senior fund manager at NCG Investment Trust Management Co. He recommended selling such home builders as Daiwa House Industry Co.

Higher rates and lower bond prices may thwart a reduction in the mountain of bad loans at Japanese banks, recently estimated at 72 trillion yen. James Fiorillo of ING Baring Securities (Japan) Inc. said a "nightmare situation" could arise because 28 percent of the first-half operating profits at 18 major banks came from their bond portfolios.

A series of shocks this month changed the math for bond investors. The Ministry of Finance said it would double over-debt sales, excluding refinancing, to 31 trillion yen in the year that ends March 2000 to cover stimulus plans. Long-term government debt now roughly matches a year's gross domestic product.

The ministry's trust fund bureau, faced with a flood of fixed-term deposits maturing next year and increased calls for direct investment from the government, said that it would use only state pension funds and post office savings to buy one-seventh of the new bonds sold at auction, down from one-half in recent months, and that it would stop outright purchases from the market.

CURRENCY & INTEREST RATES

Cross Rates									
	U.S.	Yen	DM	FF	GBP	HK\$	S\$	NT\$	Other
Australian dollar	0.68	108.25	1.36	1.65	1.65	1.36	1.65	1.65	
British pound	0.68	108.25	1.36	1.65	1.65	1.36	1.65	1.65	
Canadian dollar	0.68	108.25	1.36	1.65	1.65	1.36	1.65	1.65	
French franc	0.68	108.25	1.36	1.65	1.65	1.36	1.65	1.65	
German mark	0.68	108.25	1.36	1.65	1.65	1.36	1.65	1.65	
Italian lira	0.68	108.25	1.36	1.65	1.65	1.36	1.65	1.65	
Japanese yen	0.68	108.25	1.36	1.65	1.65	1.36	1.65	1.65	
New Zealand dollar	0.68	108.25	1.36	1.65	1.65	1.36	1.65	1.65	
Portuguese escudo	0.68	108.25	1.36	1.65	1.65	1.36	1.65	1.65	
Spanish peseta	0.68	108.25	1.36	1.65	1.65	1.36	1.65	1.65	
Swiss franc	0.68	108.25	1.36	1.65	1.65	1.36	1.65	1.65	
Taiwan dollar	0.68	108.25	1.36	1.65	1.65	1.36	1.65	1.65	
Thai baht	0.68	108.25	1.36	1.65	1.65	1.36	1.65	1.65	
U.S. dollar	0.68	108.25	1.36	1.65	1.65	1.36	1.65	1.65	
Other	0.68	108.25	1.36	1.65	1.65	1.36	1.65	1.65	
Libor-Libor Rates									
	1-month	3-month	6-month	9-month	12-month	15-month	18-month	21-month	24-month
U.S. dollar	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
British pound	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
German mark	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
French franc	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Japanese yen	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Other	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Key Money Rates									
	1-month	3-month	6-month	9-month	12-month	15-month	18-month	21-month	24-month
U.S. dollar	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
British pound	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
German mark	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
French franc	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Japanese yen	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Other	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Other Dollar Values									
	1-month	3-month	6-month	9-month	12-month	15-month	18-month	21-month	24-month
U.S. dollar	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
British pound	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
German mark	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
French franc	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Japanese yen	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Other	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Forward Rates									
	1-month	3-month	6-month	9-month	12-month	15-month	18-month	21-month	24-month
U.S. dollar	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
British pound	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
German mark	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
French franc	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Japanese yen	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Other	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50

Private Banking International

HOW TO BUILD

When you build your factory, you brought together the best professionals to assure the success of your project. Together, you established a meaningful dialogue. They had to understand your desires and needs in order to propose, at each stage of construction, the appropriate solutions. Today, you are proud of the results. When it comes to Private Banking, the philosophy of Crédit Lyonnais is no different. Before we can help you fully benefit from our skilled specialists and wide experience, we must first listen to you to better understand your plans for generations to come.

A PARTNERSHIP

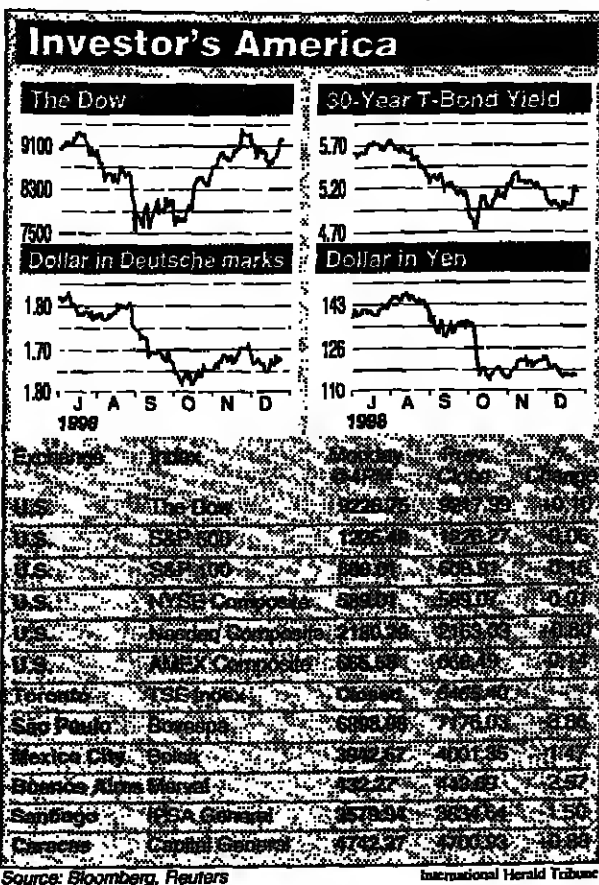
Let's talk. CREDIT LYONNAIS Your partner.

PRIVATE BANKING INTERNATIONAL

SWITZERLAND: PLACE BEL-AIR, 1204 GENEVA TEL. 41 22/705 62 06 • HEADQUARTERS FOR CREDIT LYONNAIS PRIVATE BANKING INTERNATIONAL
 BASLE TEL. 41 61/284 22 22 • ZÜRICH TEL. 41 1/217 86 86 • LUGANO TEL. 41 91/912 33 33

PARIS TEL. 33 1/42 95 03 05 • LUXEMBOURG TEL. 352/476 831 • LONDON TEL. 44 171/499 91 46 • MUNICH TEL. 377/93 15 73 34
 MONTREUX TEL. 598 2/96 35 14 • MIAMI TEL. 1 305/375 78 00 • HONG KONG TEL. 352/28 26 79 88 • SINGAPORE TEL. 65/333 63 31

THE AMERICAS



Sky's the Limit for Brave New Digital-Television World

By Lawrie Mifflin
New York Times Service

NEW YORK — For an aviation buff, the Discovery Wings cable channel is a dream come true — programs about planes and flying all day long. Replace the aviation aficionado with a health nut hungry for the latest medical news (mimed to Discovery Health), or a do-it-yourselfer immersed in home renovations (Discovery Home and Leisure), or a schoolchild exploring ancient worlds (Discovery Civilization) — Discovery has a channel for each.

Meanwhile, MTV Networks, parent of MTV and VH1, has sprouted seven more offspring for different genres — VH1 Country, VH1 Soul, VH1 Smooth (jazz and "New Age" music), M2 (regular MTV on a different time schedule), MTV Rimo (Latin music), MTV Rocks (hard rock and heavy metal) and MTV Indie (independent music and rap) — making a miniature radio dial on the television set.

Fewer than 2 million U.S. homes can receive these niche-within-a-niche cable channels, but they offer a glimpse of a vastly different media universe of the not-too-distant future, a world where an American audience already fragmented by myriad cable channels will be splintered into even tinier shards, as when Fox Family Channel recently announced the creation of separate networks for boys and girls.

Digital technology, which enables the television signal to be compressed to carry far more information, is ushering in this new age when perhaps 1,400 or 1,500 choices will be on parade. Some of those choices will take forms that people now associate with computers rather than television sets, like bringing data to the screen, or Internet access, or interactive shopping, banking or video games.

The first tentative steps into this future are taking place, recalling the days when television itself was being created by people who, at first, tried simply to recreate popular radio shows on film.

Television industry leaders today are as uncertain as they were then about how to use this new medium and about what viewers will want from it. "The transition to DTV is the biggest change in television history since television began," said Sandra Kresch, a partner in the entertainment and media division of PricewaterhouseCoopers, the giant consulting firm. "Everyone has a vague idea of what the technology will produce; everyone has a vague idea of what consumers will want. But this has the potential to be so

different from anything that's come before that nobody is really sure how it's going to develop."

Currently, digital cable television is transmitted primarily to cable systems around the country owned by Tele-Communications Inc. Since it was first offered in late 1997, about 1.4 million cable customers have signed up for it. They get a package of 36 extra channels for \$10 a month and pay \$3 to \$4 a month to rent a set-top box required to bring in the digital signal.

Digital signals can also provide high-definition television, or HDTV — pictures so crystalline and detailed that they look like Hieronymus Bosch paintings come to life. Most experts predict that HDTV

prices will stay relatively high, moving to around \$3,000 in three years from \$7,000 or more now and causing HDTV to take a decade or more to catch on.

But standard-definition digital television sets — with clearer pictures than current sets and the capacity to put in hundreds of channels — are a better bet for mass consumption. Experts say their prices will fall below the \$1,000 mark within about three years.

For the near future, the average viewer with a digital television set will begin to see three main uses of the greater channel capacity: programs shown in high-definition format (HDTV), many more channel choices (multicasting) or varied

choices of starting times for movies and events (multiplexing).

"The consumer is being offered a decision," said Thomas Rogers, president of NBC Cable and executive vice president of the NBC network, a unit of General Electric Co. "Do they want more choices or prettier pictures? My guess is the answer will be a resounding vote for both."

But because the prettier pictures cost more to produce, and fewer people are likely to buy those expensive HDTV-ready sets, most experts say the industry will concentrate on greater choices — both in programming and in data broadcasting. Viewing habits are expected to involve even narrower, more individually tailored and, eventually, interactive choices as digital television takes hold.

Programmers are trying to position themselves in the new universe. That is why A&E Networks (which is jointly owned by Walt Disney Co., Hearst Corp. and NBC) has started the Biography Channel and the International History Channel, expanding on two of its most popular existing program brands.

"It's like rolling the dice right now," said Nicholas Davatzes, president of A&E Networks. "I said to myself, 'I'm not getting on it.' I'm going, but I'm in a position of finding out they discovered America and I'm not there because I'm still in Greece tending my sheep."

Very briefly:

- Cooper Industries Inc. plans to cut 1,000 jobs, or about 3 percent of its workforce, as the maker of Crescent wrenches and Halo light fixtures reduces costs amid a weakening outlook.
- SPX Corp., the world's leading maker of automobile-testing equipment, plans to take a fourth-quarter charge of as much as \$250 million to cut 1,000 jobs, or 7 percent of its workforce, and close 25 plants and offices following its October purchase of General Signal Corp.
- Fairchild Corp., an aerospace and industrial-faster manufacturer, agreed to buy Kaynar Technologies Inc., another maker of fasteners, for about \$267 million.
- Panamerican Beverages Inc., the largest soft-drink bottler in Latin America, restructured \$360 million of debt maturing at the end of January with the help of Coca-Cola Co. and its bankers. Coke loaned the Mexican company \$200 million.
- AMR Corp., the parent of American Airlines, agreed to sell its airline and airport-services unit to Castle Harlan Inc., a New York-based merchant bank that specializes in leveraged buyouts. Terms were not disclosed.
- JumboSports Inc., a sporting-goods retailer, filed for Chapter 11 bankruptcy protection.

Weekend Box Office

Los Angeles — "Patch Adams" dominated the U.S. office over the weekend with a gross of 25.3 million, following are the Top 10 moneymakers, based on Saturday's ticket sales and estimated sales for Sunday.

Rank	Title	Universal	Box Office
1	Patch Adams	Universal	\$25.3 million
2	Stepmom	Warner Bros.	\$19.1 million
3	You've Got Mail	Warner Bros.	\$18.1 million
4	The Prince of Egypt	Dimension Films	\$15.8 million
5	The Faculty	Warner Bros.	\$15.2 million
6	Night of the Living Dead	Warner Bros.	\$11.1 million
7	A Bug's Life	Walt Disney	\$10.1 million
8	Star Trek: Insurrection	Touchstone Pictures	\$7.5 million
9	Event of the State	Warner Bros.	\$5.2 million
10	Jack Frost	Warner Bros.	\$4.1 million

The Trib Index
Jan. 1, 1992 = 100

Index	Level	Change	% Change	Year to Date % Change
World Index	204.36	+0.11	+0.05	+18.74
Regional Indices				
Asia/Pacific	88.31	-0.44	-0.50	-8.08
Europe	237.55	+1.42	+0.60	+28.06
N. America	290.06	-0.93	-0.32	+34.29
S. America	82.87	-1.51	-1.79	-45.72
Industrial Indices				
Capital goods	305.96	-0.06	-0.02	+48.11
Consumer goods	247.07	+0.32	+0.13	+17.90
Energy	203.04	-0.09	-0.04	+4.14
Finance	138.80	-0.17	-0.12	+13.70
Miscellaneous	197.72	+4.79	+2.46	+31.52
Raw Materials	168.65	+1.51	+0.90	+0.84
Service	217.07	-0.53	-0.24	+24.53
Utilities	186.20	+1.01	+0.55	+11.58

The International Herald Tribune World Stock Index tracks the U.S. dollar value of 250 internationally investible stocks from 25 countries.
Compiled by Bloomberg News.

AMEX

Monday's 4 P.M. Close

The 200 most traded stocks of the day, up or down on the closing on Wall Street.

Stock	Sales	High	Low	Open	Close
IBM	1,100	110 1/4	110 1/8	110 1/8	110 1/4
Microsoft	1,000	55 1/4	55 1/8	55 1/8	55 1/4
Apple	800	45 1/4	45 1/8	45 1/8	45 1/4
Oracle	700	40 1/4	40 1/8	40 1/8	40 1/4
Amazon.com	600	25 1/4	25 1/8	25 1/8	25 1/4
Alibaba	500	15 1/4	15 1/8	15 1/8	15 1/4
Google	400	10 1/4	10 1/8	10 1/8	10 1/4
Yahoo	300	5 1/4	5 1/8	5 1/8	5 1/4
Netflix	200	3 1/4	3 1/8	3 1/8	3 1/4
Spotify	100	2 1/4	2 1/8	2 1/8	2 1/4

Cargo Firm To Cut Jobs

DALLAS — Kitty Hawk Inc., the world's largest air-only freight carrier, said Monday that it would cut the work force of its American International Airways division by 1,500 people, or 55 percent, as it focused on its main air-cargo business.

Kitty Hawk said the AIA unit would be an all-cargo contract airline by the time the job cuts were completed at the end of next year.

The Dallas-based company has not decided whether it will take a restructuring charge.

The unit carries freight and operates charter flights for cruise lines and tour companies. High costs and low margins led Kitty Hawk to park two passenger aircraft this month.

Passenger flights account for less than 10 percent of Kitty Hawk's total sales, which were \$478 million in the first nine months of 1998. After the job cuts, AIA's fleet of aircraft will shrink to 19 from 42.

"After carefully considering all the options, we have concluded that the only way to bring the AIA operation up to our mandatory level of success and profitability is to reduce head count and continue to sell or close unprofitable noncore businesses," said Tom Christopher, chairman and chief executive officer.

Shares of Kitty Hawk fell 50 cents to close at \$11.50. (Bloomberg, Reuters)

Investors Dig for Internet Gold

NEW YORK — Internet stocks sent the Nasdaq composite index to a record high Monday, but the broader market lagged the technology stars.

The Nasdaq composite closed up 17.26 points at a record 2,180.29, while the Dow Jones industrial average finished 8.76 points higher at 9,226.75. But declining issues outnumbered advancing ones by a 3-to-2 ratio on the New York Stock Exchange, and the Standard & Poor's 500 index fell 0.78 point to 1,225.49.

SkyMail was the second most actively traded stock, rising 23 to 35 1/16. The company, which sells goods and services to airline passengers through a catalog, caught attention by announcing a 600 percent increase in Internet sales for the year. But even with the increase, Internet sales amounted to just 3 percent of SkyMail's total sales of \$65 million.

Another little-known company, Active Apparel, rose 10 1/4 to 1 1/4 after announcing it had created a site on the World Wide Web to sell its clothes.

"It's pure speculation," said Trent May, who manages the Invesco Growth Fund. "People see the moves that the leading Internet companies have and think that they can uncover the next AOL or Yahoo! by dipping. I think people are kidding themselves."

But well-established Internet stocks also continued to surge. America Online, the biggest Internet service provider, was the most active U.S. stock, rising 2 1/16 to 157 1/16. Yahoo!, the leading search engine, rose 28 1/4 to 27 1/4. Amazon.com, the on-line book-seller, rose 27 1/4 to 35 1/16.

On-line brokerages also surged. E*Trade Group climbed 11 1/4 to 56 1/4 after the No. 2 on-line broker said its new Web site had signed up more than 500,000 members since September, when E*Trade began a \$100 million marketing campaign to add new accounts.

Charles Schwab rose 3 1/4 to 63 1/4, giving the leading on-line broker a bigger market capitalization than Merrill Lynch, the biggest U.S. securities firm. Merrill does not offer on-line trading.

"A lot of people did their Christmas shopping on-line this year," said Ryan Crane, an analyst at AIM Advisors Inc. "Those same Internet-savvy people that are shopping on-line are probably the ones that are buying these stocks."

In the Treasury bond market, the price of the benchmark 30-year issue rose 1/32 point to 101 17/32, taking the yield down to 5.15 percent from 5.22 percent Thursday.

Prices were lifted by expectations for U.S. inflation to remain subdued well into next year, enhancing the value of fixed-income securities. (Reuters, Bloomberg)

Dollar Slips in Thin Year-End Trading

NEW YORK — The dollar was lower against other major currencies Monday, with traders reluctant to take large positions before the end of the year and the birth of the euro currency.

"A lot of big banks are doing nothing right now," said Peter Hansen, vice president of corporate and institutional sales at Den Danske Bank in Copenhagen. "The dollar will be relatively stable in the next few days."

With financial markets in London closed for a holiday, most activity came from corporate customers and was confined to trading against the yen.

"Corporate selling orders capped the dollar's advance in Asia, and corporate orders are providing the dollar with floor in New York," said Lou Milioni, a trader at Asahi Bank.

Expectations for the Federal Reserve Board to keep U.S. interest rates steady for the near term also limited the dollar's losses, particularly against European currencies.

"The U.S. economy is looking quite a bit better than the European economy," said Jim McCormick, a strategist at J.P. Morgan & Co.

The dollar slipped to 1.6760 Deutsche marks in 4 P.M. trading from 1.6813 DM on Thursday and to 115.860 yen from 116.575 yen. It also fell to 1.3683 Swiss francs from 1.3741 francs and to 5.6210 French francs from 5.6433 francs.

The pound gained to \$1.6762 from \$1.6723. (Bridge News, Bloomberg)

U.S. STOCK MARKET DIARY

Index	High	Low	Open	Close
Dow Jones	9226.75	9226.75	9226.75	9226.75
S&P 500	1225.49	1225.49	1225.49	1225.49
Nasdaq	2180.29	2180.29	2180.29	2180.29
NYSE	1225.49	1225.49	1225.49	1225.49
AMEX	1225.49	1225.49	1225.49	1225.49
10 Industrials	1225.49	1225.49	1225.49	1225.49
20 Bonds	1225.49	1225.49	1225.49	1225.49
10 Utilities	1225.49	1225.49	1225.49	1225.49
10 Tech	1225.49	1225.49	1225.49	1225.49
10 Health	1225.49	1225.49	1225.49	1225.49
10 Energy	1225.49	1225.49	1225.49	1225.49
10 Materials	1225.49	1225.49	1225.49	1225.49
10 Consumer	1225.49	1225.49	1225.49	1225.49
10 Finance	1225.49	1225.49	1225.49	1225.49
10 Real Estate	1225.49	1225.49	1225.49	1225.49
10 Telecom	1225.49	1225.49	1225.49	1225.49
10 Media	1225.49	1225.49	1225.49	1225.49
10 Retail	1225.49	1225.49	1225.49	1225.49
10 Auto	1225.49	1225.49	1225.49	1225.49
10 Aerospace	1225.49	1225.49	1225.49	1225.49
10 Defense	1225.49	1225.49	1225.49	1225.49
10 Shipping	1225.49	1225.49	1225.49	1225.49
10 Food	1225.49	1225.49	1225.49	1225.49
10 Beverage	1225.49	1225.49	1225.49	1225.49
10 Tobacco	1225.49	1225.49	1225.49	1225.49
10 Pharmaceuticals	1225.49	1225.49	1225.49	1225.49
10 Chemicals	1225.49	1225.49	1225.49	1225.49
10 Plastics	1225.49	1225.49	1225.49	1225.49
10 Textiles	1225.49	1225.49	1225.49	1225.49
10 Paper	1225.49	1225.49	1225.49	1225.49
10 Metals	1225.49	1225.49	1225.49	1225.49
10 Mining	1225.49	1225.49	1225.49	1225.49
10 Energy Services	1225.49	1225.49	1225.49	1225.49
10 Environmental	1225.49	1225.49	1225.49	1225.49
10 Waste Management	1225.49	1225.49	1225.49	1225.49
10 Security	1225.49	1225.49	1225.49	1225.49
10 Insurance	1225.49	1225.49	1225.49	1225.49
10 Banking	1225.49	1225.49	1225.49	1225.49
10 Finance Services	1225.49	1225.49	1225.49	1225.49
10 Real Estate Services	1225.49	1225.49	1225.49	1225.49
10 Telecom Services	1225.49	1225.49	1225.49	1225.49
10 Media Services	1225.49	1225.49	1225.49	1225.49
10 Retail Services	1225.49	1225.49	1225.49	1225.49
10 Auto Services	1225.49	1225.49	1225.49	1225.49
10 Aerospace Services	1225.49	1225.49	1225.49	1225.49
10 Defense Services	1225.49	1225.49	1225.49	1225.49
10 Shipping Services	1225.49	1225.49	1225.49	1225.49
10 Food Services	1225.49	1225.49	1225.49	1225.49
10 Beverage Services	1225.49	1225.49	1225.49	1225.49
10 Tobacco Services	1225.49	1225.49	1225.49	1225.49
10 Pharmaceuticals Services	1225.49	1225.49	1225.49	1225.49
10 Chemicals Services	1225.49	1225.49	1225.49	1225.49
10 Plastics Services	1225.49	1225.49	1225.49	1225.49
10 Textiles Services	1225.49	1225.49	1225.49	1225.49
10 Paper Services	1225.49	1225.49	1225.49	1225.49
10 Metals Services	1225.49	1225.49	1225.49	1225.49
10 Mining Services	1225.49	1225.49	1225.49	1225.49
10 Energy Services	1225.49	1225.49	1225.49	1225.49
10 Environmental Services	1225.49	1225.49	1225.49	1225.49
10 Waste Management Services	1225.49	1225.49	1225.49	1225.49
10 Security Services	1225.49	1225.49	1225.49	1225.49
10 Insurance Services	1225.49	1225.49	1225.49	1225.49
10 Banking Services	1225.49	1225.49	1225.49	1225.49
10 Finance Services	1225.49	1225.49	1225.49	1225.49
10 Real Estate Services	1225.49	1225.49	1225.49	1225.49
10 Telecom Services	1225.49	1225.49	1225.49	1225.49
10 Media Services	1225.49	1225.49	1225.49	1225.49
10 Retail Services	1225.49	1225.49	1225.49	1225.49
10 Auto Services	1225.49	1225.49	1225.49	1225.49
10 Aerospace Services	1225.49	1225.49	1225.49	1225.49
10 Defense Services	1225.49	1225.49	1225.49	1225.49
10 Shipping Services	1225.49	1225.49	1225.49	1225.49
10 Food Services	1225.49	1225.49	1225.49	1225.49
10 Beverage Services	1225.49	1225.49	1225.49	1225.49
10 Tobacco Services	1225.49	1225.49	1225.49	1225.49
10 Pharmaceuticals Services	1225.49	1225.49	1225.49	1225.49
10 Chemicals Services	1225.49	1225.49	1225.49	1225.49
10 Plastics Services	1225.49	1225.49	1225.49	1225.49
10 Textiles Services	1225.49	1225.49	1225.49	1225.49
10 Paper Services	1225.49	1225.49	1225.49	1225.49
10 Metals Services	1225.49	1225.49	1225.49	1225.49
10 Mining Services	1225.49	1225.49	1225.49	1225.49
10 Energy Services	1225.49	1225.49	1225.49	1225.49
10 Environmental Services	1225.49	1225.49	1225.49	1225.49
10 Waste Management Services	1225.49	1225.49	1225.49	1225.49
10 Security Services	1225.49	1225.49	1225.49	1225.49
10 Insurance Services	1225.49	1225.49	1225.49	1225.49
10 Banking Services	1225.49	1225.49	1225.49	1225.49
10 Finance Services	1225.49	1225.49	1225.49	1225.49
10 Real Estate Services	1225.49	1225.49	1225.49	1225.49
10 Telecom Services	1225.49	1225.49	1225.49	1225.49
10 Media Services	1225.49	1225.49	1225.49	1225.49
10 Retail Services	1225.49	1225.49	1225.49	1225.49
10 Auto Services	1225.49	1225.49	1225.49	1225

EUROPE

Cheaper by the Minute: German Phone Firms Slash Rates

Compiled by Our Staff From Dispatches

FRANKFURT — Germany's round of telephone price cuts reached a dizzying pace Monday as Deutsche Telekom AG pledged to halve its minimum price and MobilCom AG offered free calls of up to one minute.

Deutsche Telekom AG said it would drop its price on off-peak domestic calls to 12 pfennig (7 cents) a minute from as much as 24 pfennig, while MobilCom said it would not charge customers in the new year for domestic calls lasting less than one minute that were made between 7 P.M. and 11 P.M. and dialed using its 01019 prefix.

Ron Sommer, Telekom's chief executive, also told the newspaper

Bild that the company would cut fees for calls inside Germany to as little as 6 pfennig a minute in 1999.

"The current price measures are certainly not the end of the road," he said. "You can expect to be able to make telephone calls with Telekom for just 6 pfennig a minute throughout Germany in the coming year." He said that price was "unique worldwide."

Such a rate drop may be accompanied by an increase in monthly fees or be subject to further conditions such as shortened calling hours, although exact details have not been worked out, a Telekom spokesman said.

The reductions marked the latest

round with deregulation of the German telecommunications market at the start of 1998. Since then, domestic long-distance rates have fallen 70 percent.

Deutsche Telekom, Germany's former monopoly, has seen its market share slide to about 75 percent as competitors such as MobilCom, which holds 10 percent of the market, have been able to lure customers with lower prices.

"At some point, the price cuts get dangerous," said Robert Halver, an analyst with Bank Deutscher & Co. in Frankfurt. "The pain threshold may have been reached."

Shares in Telekom, 74 percent

owned by the German government, fell 55 pfennig to close at 54.85

Deutsche marks (\$32.62) amid investor fears that the price cuts would eat into its earnings.

Private competitors, led by MobilCom, saw higher price drops amid fears that they were not as well equipped as Telekom to maintain the pace of reductions. MobilCom fell 7 percent, or 42 DM, to 557. Mannesmann AG, which operates the Mannesmann Arco telephone company, fell 3.8 percent to 192 DM.

Telekom's other main private

competitors, O.Tel. and Mannesmann Arco, said they would match the price cuts set by Telekom once it had become clear when and under what terms they would apply.

"You can be sure that Telekom's private competitors will do all they

can to offer similarly attractive terms," said a spokesman for O.Tel., the telephone joint venture of the utility companies RWE AG and VEB AG.

Another competitor, VIAG Intercom, accused Telekom of "competition-distorting behavior" and said the company was exploiting its remaining monopoly in the local-calls market to subsidize its long-distance business.

A spokesman for Telekom said the group would not follow MobilCom in offering free calls. Telekom also said it would try to limit the earnings impact of the price reductions as much as possible through cost savings and business growth. (Reuters, Bloomberg)

Shares Rise On Daimler's '98 Forecast

Compiled by Our Staff From Dispatches

STUTTGART — Shares of DaimlerChrysler AG rose strongly Monday after the company said it would post an increase in sales and profit for 1998 because of robust economies in Europe and the United States.

In Frankfurt, DaimlerChrysler shares closed at 166.50 Deutsche marks (\$99.50), up 8.80. In late U.S. trading, the stock was quoted at \$98.25, up \$4.0625.

Daimler-Benz AG completed its \$36 billion takeover of the third-largest U.S. automaker, Chrysler Corp., in November, forming DaimlerChrysler, Europe's biggest manufacturer. It said Sunday that it expected sales to climb to \$148 billion this year from \$127.1 billion for the two companies last year. The company also said it expected profit to be "significantly higher" than 1997's combined \$6.26 billion.

The company said Monday that it would pay a dividend for the 1998 business year that would be "sharply higher" than the dividend Daimler-Benz paid its shareholders in 1997. Daimler-Benz paid a dividend of 1.60 DM a share last year, while Chrysler Corp. paid \$1.60 a share.

DaimlerChrysler projects sales for 1998 at about 4.4 million vehicles, with the Mercedes-Benz and Smart car brands accounting for 850,000, the Chrysler, Dodge, Plymouth and Jeep brands for 3 million, and Mercedes-Benz, Freightliner, Setra and Sterling trucks for 480,000.

DaimlerChrysler also said 13,000 workers had been hired this year as a result of the success of the company's products. The work force totaled 434,000 at the start of 1998. (Bloomberg, AFP)



RUBLE STILL SPIRALING DOWNWARD — A woman begging in Moscow on Monday as Russia's economic crisis worsened, with the ruble slumping by 7 percent to a record low of 20.99 to the dollar. The ruble was trading at 6.3 to the dollar in August.

Sweden's Prosovia Software Firm Files for Bankruptcy

Bloomberg Business News

STOCKHOLM — Prosovia AB, a Swedish software company, said Monday it had filed for bankruptcy, only days after Industriefonden, its largest investor, said it would not pour any more cash into it.

Prosovia shares, which were the Stockholm general index's second-best performer in the second half of last year, closed Monday at 1.16 kronor (14 cents), after trading as low as 0.30 krona.

The stock climbed as high as 394 kronor in March. The shares were

suspended from trading Tuesday, when Industriefonden made its announcement, with the price at 9 kronor. Trading resumed Monday.

Industriefonden, an unlisted investment company, acknowledged that it had failed to return Prosovia to profitability after clients balked at buying its interactive simulation products used in such things as auto design. Prosovia has had liquidity problems since April amid media reports that it had overstated 1997 earnings.

The board "hasn't been able to

identify an alternative owner," said Prosovia. "Partial solutions, such as the sale or closure of units, aren't enough to continue operations."

Prosovia slumped to a loss in the first nine months as it slashed the value of its assets and sales slid, prompting the company to take more charges in the fourth quarter. Last month, the Gothenburg-based company agreed to sell its Prosovia Systems AB unit, which last year accounted for one-fifth of its sales, to Asa Brown Boveri Ltd. to try to raise cash and improve profitability,

but the transaction was delayed. The company was already cutting 200 jobs, or 43 percent of its work force, and was planning to raise as much as 250 million kronor to cover restructuring costs.

This month, the stock exchange fined the company for failing to disclose that it had an option to buy shares in IVS, a company jointly owned by Prosovia and Industriefonden. The exchange also charged that Prosovia had said IVS was an independently run company, a statement that later proved untrue.

WORLD STOCK MARKETS

Monday, Dec. 28

Daily prices in local currencies.

High Low Close Prev.

Tel Aviv

Tel Aviv 25 Index: 2714.16

Prev.: 2714.16

Tel Aviv 25 Index: 2714.16

Prev.: 2714.16

Tel Aviv 25 Index: 2714.16

Prev.: 2714.16

Tel Aviv 25 Index: 2714.16

Prev.: 2714.16

Tel Aviv 25 Index: 2714.16

Prev.: 2714.16

Tel Aviv 25 Index: 2714.16

Prev.: 2714.16

Tel Aviv 25 Index: 2714.16

Prev.: 2714.16

Tel Aviv 25 Index: 2714.16

Prev.: 2714.16

Tel Aviv 25 Index: 2714.16

Prev.: 2714.16

Tel Aviv 25 Index: 2714.16

Prev.: 2714.16

Tel Aviv 25 Index: 2714.16

Prev.: 2714.16

Tel Aviv 25 Index: 2714.16

Prev.: 2714.16

Tel Aviv 25 Index: 2714.16

Prev.: 2714.16

Tel Aviv 25 Index: 2714.16

Prev.: 2714.16

Tel Aviv 25 Index: 2714.16

Prev.: 2714.16

Tel Aviv 25 Index: 2714.16

Prev.: 2714.16

Tel Aviv 25 Index: 2714.16

Prev.: 2714.16

Tel Aviv 25 Index: 2714.16

Prev.: 2714.16

Tel Aviv 25 Index: 2714.16

Prev.: 2714.16

Hong Kong

Hong Kong 1998.12.28

Prev.: 1998.12.28

Hong Kong 1998.12.28

Prev.: 1998.12.28

Hong Kong 1998.12.28

Prev.: 1998.12.28

Hong Kong 1998.12.28

Prev.: 1998.12.28

Hong Kong 1998.12.28

Prev.: 1998.12.28

Hong Kong 1998.12.28

Prev.: 1998.12.28

Hong Kong 1998.12.28

Prev.: 1998.12.28

Hong Kong 1998.12.28

Prev.: 1998.12.28

Hong Kong 1998.12.28

Prev.: 1998.12.28

Hong Kong 1998.12.28

Prev.: 1998.12.28

Hong Kong 1998.12.28

Prev.: 1998.12.28

Hong Kong 1998.12.28

Prev.: 1998.12.28

Hong Kong 1998.12.28

Prev.: 1998.12.28

Hong Kong 1998.12.28

Prev.: 1998.12.28

Hong Kong 1998.12.28

Prev.: 1998.12.28

Hong Kong 1998.12.28

Prev.: 1998.12.28

Hong Kong 1998.12.28

Prev.: 1998.12.28

Hong Kong 1998.12.28

Prev.: 1998.12.28

Hong Kong 1998.12.28

Prev.: 1998.12.28

Hong Kong 1998.12.28

Prev.: 1998.12.28

Hong Kong 1998.12.28

Prev.: 1998.12.28

Osaka

Osaka 1998.12.28

Prev.: 1998.12.28

Osaka 1998.12.28

Prev.: 1998.12.28

Osaka 1998.12.28

Prev.: 1998.12.28

Osaka 1998.12.28

Prev.: 1998.12.28

Osaka 1998.12.28

Prev.: 1998.12.28

Osaka 1998.12.28

Prev.: 1998.12.28

Osaka 1998.12.28

Prev.: 1998.12.28

Osaka 1998.12.28

Prev.: 1998.12.28

Osaka 1998.12.28

Prev.: 1998.12.28

Osaka 1998.12.28

Prev.: 1998.12.28

Osaka 1998.12.28

Prev.: 1998.12.28

Osaka 1998.12.28

Prev.: 1998.12.28

Osaka 1998.12.28

Prev.: 1998.12.28

Osaka 1998.12.28

Prev.: 1998.12.28

Osaka 1998.12.28

Prev.: 1998.12.28

Osaka 1998.12.28

Prev.: 1998.12.28

Osaka 1998.12.28

Prev.: 1998.12.28

Osaka 1998.12.28

Prev.: 1998.12.28

Osaka 1998.12.28

Prev.: 1998.12.28

Osaka 1998.12.28

Prev.: 1998.12.28

Osaka 1998.12.28

Prev.: 1998.12.28

Tel Aviv

Tel Aviv 25 Index: 2714.16

Prev.: 2714.16

Tel Aviv 25 Index: 2714.16

Prev.: 2714.16

Tel Aviv 25 Index: 2714.16

Prev.: 2714.16

Tel Aviv 25 Index: 2714.16

Prev.: 2714.16

Tel Aviv 25 Index: 2714.16

Prev.: 2714.16

Tel Aviv 25 Index: 2714.16

Prev.: 2714.16

Tel Aviv 25 Index: 2714.16

Prev.: 2714.16

Tel Aviv 25 Index: 2714.16

Prev.: 2714.16

Tel Aviv 25 Index: 2714.16

Prev.: 2714.16

Tel Aviv 25 Index: 2714.16

Prev.: 2714.16

Tel Aviv 25 Index: 2714.16

Prev.: 2714.16

Tel Aviv 25 Index: 2714.16

Prev.: 2714.16

Tel Aviv 25 Index: 2714.16

Prev.: 2714.16

Tel Aviv 25 Index: 2714.16

Prev.: 2714.16

Tel Aviv 25 Index: 2714.16

Prev.: 2714.16

Tel Aviv 25 Index: 2714.16

Prev.: 2714.16

Tel Aviv 25 Index: 2714.16

Prev.: 2714.16

Tel Aviv 25 Index: 2714.16

Prev.: 2714.16

Tel Aviv 25 Index: 2714.16

Prev.: 2714.16

Tel Aviv 25 Index: 2714.16

Prev.: 2714.16

Tel Aviv 25 Index: 2714.16

Prev.: 2714.16

Tel Aviv

Tel Aviv 25 Index: 2714.16

Prev.: 2714.16

Tel Aviv 25 Index: 2714.16

Prev.: 2714.16

Tel Aviv 25 Index: 2714.16

Prev.: 2714.16

Tel Aviv 25 Index: 2714.16

Prev.: 2714.16

Tel Aviv 25 Index: 2714.16

Prev.: 2714.16

Tel Aviv 25 Index: 2714.16

Prev.: 2714.16

Tel Aviv 25 Index: 2714.16

Prev.: 2714.16

Tel Aviv 25 Index: 2714.16

Prev.: 2714.16

Tel Aviv 25 Index: 2714.16

Prev.: 2714.16

Tel Aviv 25 Index: 2714.16

Prev.: 2714.16

Tel Aviv 25 Index: 2714.16

Prev.: 2714.16

Tel Aviv 25 Index: 2714.16

Prev.: 2714.16

Tel Aviv 25 Index: 2714.16

Prev.: 2714.16

Tel Aviv 25 Index: 2714.16

Prev.: 2714.16

Tel Aviv 25 Index: 2714.16

Prev.: 2714.16

Tel Aviv 25 Index: 2714.16

Prev.: 2714.16

Tel Aviv 25 Index: 2714.16

Prev.: 2714.16

Tel Aviv 25 Index: 2714.16

Prev.: 2714.16

Tel Aviv 25 Index: 2714.16

Prev.: 2714.16

Tel Aviv 25 Index: 2714.16

Figure 1 consists of four line graphs arranged in a 2x2 grid, each showing the performance of a different stock index from January 1989 to January 1990. Each graph has a vertical axis representing the index value and a horizontal axis representing time in months (labeled J, A, S, O, N, D for Jan, Apr, Sep, Oct, Nov, Dec). A solid line represents the index value, and a shaded area represents the 95% confidence interval.

- Hang Seng:** The vertical axis ranges from 6000 to 11000. The index starts at approximately 8000 in Jan 1989, dips to 7000 in Apr, then rises to a peak of about 11000 in Nov, before declining to around 8500 in Jan 1990.
- Singapore:** The vertical axis ranges from 800 to 1500. The index starts at approximately 1000 in Jan 1989, dips to 850 in Apr, then rises to a peak of about 1400 in Nov, before declining to around 1000 in Jan 1990.
- Sydney:** The vertical axis ranges from 12000 to 17000. The index starts at approximately 16000 in Jan 1989, dips to 15000 in Apr, then rises to a peak of about 18000 in Nov, before declining to around 14000 in Jan 1990.
- Nikkei 225:** The vertical axis ranges from 12000 to 17000. The index starts at approximately 12000 in Jan 1989, dips to 11000 in Apr, then rises to a peak of about 16000 in Nov, before declining to around 12000 in Jan 1990.

Hyundai Motor Co., South Korea's No. 1 automaker, started exporting commercial vehicles to the United States on Monday, the first South Korean car manufacturer to do so. Hyundai plans to export 70,000 trucks, ranging from 2.5 tons to 90 tons, over the next five years, including 6,700 next

• **Kobe Steel Ltd.**, Japan's third-largest steelmaker, said it stopped selling hot-rolled steel in the United States in mid-November in response to a threat of anti-dumping duties by Washington. The complaint by U.S. steelmakers, now before the Commerce Department, could lead to tariffs on Japanese steel imports.

■ Hong Kong's exports fell 9.3 percent in November from a year earlier as demand slackened in most of the world. Exports in November totalled 113.1 billion Hong Kong dollars (\$14.6 billion), and imports fell 14.4 percent, to 113.8 billion dollars. In October, exports were down 17.5 percent from a year earlier.

- **Toyota Motor Corp.**, Japan's largest automaker, plans to start producing midsize vans with its Chinese partner in Sichuan Province by 2002.
- **Fuji Bank Ltd.**, Japan's sixth-largest lender, will ask members of its business group for 217 billion yen (\$1.86 billion) in new investment to replace capital drained by years of writing off bad loans. The bank plans to sell 503.5 million shares to 60 companies in its Fuyo group.

TOKYO — Fojita Corp., a financially troubled Japanese general contractor, said Monday it would cut 1,203 jobs, or 24 percent of its work force, by April 2002 in an effort to return to profitability.

Fujita said it was asking creditors, including Sakura Bank Ltd. and Tokai Bank Ltd., to forgive a combined 120 billion yen (\$1.03 billion) of debt.

"We need to be able to stand on our own feet and move on," said Keishi Kawamata, a member of Fujita's board of directors.

Fujita is suffering from weak demand and difficulties collecting bad loans provided to real-estate affiliates in the late 1980s, before property prices collapsed and the real-estate market began its seven-year decline.

Also on Monday, Tokyu Construction Co. said it would slash its work force by more than a third by March 2002 and take a charge of 80 billion yen for the year through March 1999.

Fujita said it would write off 280 billion yen in bad loans and other losses during the year through March. The company, which initially expected a group net profit of 400 million yen in the period, now

Fujita said the other banks from which it had sought debt relief from were Mitsui Trust & Banking Co., Industrial Bank of Japan Ltd., Sumitomo Trust & Banking Co. and Nip-

Tokai Bank said it was preparing to meet Fujita's request to forgive loans it had extended to the company. Fujita said it would forgive 50 billion yen in loans provided to its affiliate, Towa Real Estate Co. Towa reported a net loss of 4.1 billion yen in the half-year ended Sept. 30. (Bloomberg Reuters)

KUALA LUMPUR — Tan Chong Koo, 48, owes a lot to a speeding motorcyclist who slammed into him on a Kuala Lumpur street when he was 19.

Compensated with an insurance check for 14,000 ringgit (\$3,700),

he bought shares in a finance company now called Arus Murni Corp. for less than 2 ringgit each. When the stock gained more than 50 percent in six months, "I made my first small fortune," he said.

Since then, Mr. Tan, one of the best-known fund managers here and chief executive of Phinix Asset

Management Sdn., has reveled in turning adversity into opportunity. "I need a crash to do well," said Mr. Tan, a founding member of Pheim, which manages 280 million

ringgit in Malaysian and Southeast Asian stocks. "The cheaper you buy, the more you outperform."

The battered Malaysian stock market, which lost about 600 billion ringgit in value in a year as the country slid into its first recession in 13 years and controls on the movement of capital and currency were tightened, sent foreign investors fleeing, has provided him ample opportunity.

Mr. Tan, like other local investors, is scouring for bombed-out stocks that could rocket out of the slump — a time-tested gambit that has served him well. He is buying up shares in companies involved in inquiry into corruption allegations.

gambling, plantations, electronics and other businesses.

With foreigners largely steering clear of its market, Malaysia will be looking to the likes of Mr. Tan, a graduate of Western Illinois Uni-

China Tighter

SHANGHAI—After six years of "first time" Parliament, has made "first" modifications to the law aimed at tightening stock-market regulations, the official Shanghai Securities News reported Monday.

A subcommittee of the National People's Congress Standing Committee is expected to discuss the bill and then hold public hearings and then hold a public hearing on the bill.

stock has since surged to 11. It is one of the few companies in this industry "that told me it will see growth," he said. Dialog's profit for the year that ended June 30 rose 45 percent, and the company does not have any debt.

Mr. Tan "can sense the direction of the market well, and he's very much a contrarian; he can outperform the majority," said Scott Lim, a former employee of Mr. Tan's who is now a fund manager at CMS-

Mr. Tan, who is a fan of the "value" investing principles of the legendary investor Benjamin Graham — who advocates buying undervalued shares and selling them when they are overvalued — has consistently beaten the market.

19 Executives

A four-month audit of the company and 12 of its units by the Board of Audit and Inspection produced a host of allegations, including one that the former chairman, Mr. Kim, embezzled 420 million won.

The government audits the company every three years.

While Mr. Tan's growth fund, **Emerging Companies Growth Fund**, solidly outperformed the market until the Asian crisis spread, he has not escaped the recession unscathed. Not even his reputation could stop underwriters, led by Arab-Malaysian Merchant Bank Bhd., from pulling out of a 105 million ringgit initial public offering of a closed-end fund, **Pheon Emerging Bhd.**, that Mr. Tan was slated to manage.

Then came the capital controls, which bar foreigners from repatriating proceeds of stock sales for one year. For Mr. Tan, that proved a setback as talks with an investor to

"We are all trained to invest in an expanding economy — now we have to adapt," Mr. Tan said.

Amid Inquiry

The audit board turned up 170 instances of alleged malfeasance at the company since 1993.

It ordered POSCO to punish 39 executives who had incurred losses

The board said that since 1996, POSCO and its affiliates had made

contracts based mostly on private negotiations rather than open bidding, resulting in as much as 1.36 trillion won of losses.

Bloomberg News

SEOUL — Pohang Iron & Steel Co., the world's second-largest steelmaker, said Monday it had replaced 19 executives in connection with an inquiry into corruption allegations.

The move came as the government asked prosecutors to investigate alleged corruption involving the steelmaker's former chairman, Kim Mahn Je, and three current executives, the company, which is known as POSCO, said.

"Our immediate reshuffling follows our current chairman Yon Sang Boo's management philosophy that allows an authorized person to make a decision and that the decision-maker should take the whole responsibility," the company said.

A four-month audit of the company and 12 of its units by the Board of Audit and Inspection produced a host of allegations, including one that the former chairman, Mr. Kim, embezzled 420 million won (\$348,000) during his tenure from 1994 to March 1998.

The government audits the company every three years.

The audit board tamped up 170 instances of alleged misfeasance at the company since 1993.

It ordered POSCO to punish 39 executives who had incurred losses and to improve its contracting methods to enhance transparency, said Lee Sang Hoon, a spokesman for the audit board.

The board said that since 1996, POSCO and its affiliates had made contracts based mostly on private negotiations rather than open bidding, resulting in as much as 1.36 trillion won of losses.

China Tightens Rules on Stock Trading

Agency France-Press

SHANGHAI—After six years of debate, China's Parliament has made "final modifications" to a law aimed at tightening stock-market regulations, the official Shanghai Securities News reported Monday.

A subcommittee of the National People's Congress Standing Committee has resolved 15 issues that had been holding up passage and proposed that the law take effect July 1, the newspaper said.

The draft legislation was expected to be approved before the Parliament's current session ended Wednesday. In the final draft, legislators kept in place a hotly debated ban on equity trading ban by state-owned enterprises and banks.

"State enterprises and companies controlled by state enterprises cannot trade shares listed on the markets," the newspaper's commentary said. The introduction of trading would have put state-owned firms at risk, the newspaper said, fears that profits and bonuses would be used to gamble or for other purposes.

State-owned companies with large sums of money at their disposal could be used to manipulate share prices, the newspaper said.

China Tightens Rules on Stock Trading

Agence France-Presse proposed that the law take effect not trade shares listed on the

SHANGHAI—After six years of debate, China's Parliament has made "final" modifications to regulations aimed at tightening stock-market regulations, the official Shanghai Securities News reported Monday.

A subcommittee of the National People's Congress Standing Committee has issued the regulations and had been holding on issues and

July 1, the newspaper said.

The draft legislation was expected to be approved by the Parliament's current session ended Wednesday. In the final draft, legislators kept in place a hotly debated ban on equity trading ban by state-owned enterprises and banks:

"The state-owned enterprises and banks controlled by the state entering the

markets," the newspaper said.

The introduction of the draft legislation, however, has raised the risk, the newspaper said, that fears that profits and banks would be used to gamble on the

State-owned companies' large sums of money at their disposal could be used to speculate

December 28, 1998

Katy Hourli: Fax (33-1) 41 43 92 12 or e-mail: funds@ht.com Quotes supplied by fund sources re: STANDARD & POOR'S MICROCAP L: 33-1 40 28 08 00, e-mail: htinfo@microcap.fr funds subscribe at e-funds@ht.com <http://www.ht.com/HT/FUND/funds.html>

[illegible]

The data in the list above is the data supplied by the Fund Group to Standard & Poor's Midcap. It is subject to a number of limitations and the data should be used only as a guide to the fund. Standard & Poor's Midcap and the FPI do not warrant the quality or accuracy of the list, the data or the performance of the funds in the Fund Group and will not be liable for the list, the data or Fund Group to any extent. The list is not and shall not be deemed to be an offer by the FPI or Standard & Poor's Midcap to sell securities or investments of any kind. Investments can fall as well as rise. Past performance does not guarantee future success. It is advisable to seek advice from a qualified independent adviser before investing.

EU's Agenda to Grow in 2000 as Euro Brings With It New Set of Priorities

By Barry James
International Herald Tribune

BRUSSELS — The euro has always been the keystone of the edifice envisaged by Jean Monnet, the founding father of the European Union. But as the single currency comes into being on Friday, the EU will have to confront a whole set of new tasks in 1999, including the building of a foreign policy and the community's enlargement toward the east.

The conundrum facing leaders in 1999 will be how to complete the European edifice, while preventing it from collapsing under its own weight as up to 11 more nations try to pile into a structure built for six and now holding 15.

The blueprint of how this might be accomplished is a thick dossier of proposals known as Agenda 2000.

Germany, which assumes the rotating

presidency of the EU for six months starting on Friday, will have the task of shepherding the legislation through.

Mr. Monnet and many of the postwar leaders who gathered at his home in the countryside west of Paris in the 1950s to plot the region's future of over brandy and cigars had a clear idea of Europe, in which powerful institutions would gradually annex the functions of government. The

clear example of this is the European Central Bank, which will take over the monetary policy of 11 countries Friday, depriving them of a considerable part of their economic sovereignty.

As they prepare to adopt the same bank notes and coins, disparate na-

tions will increasingly be drawn into a circle of cooperation and further institution-building, or so the theory goes. The question is whether the EU, which has proved powerless in the face of such conflicts as those in Bosnia and Kosovo, can at last acquire a political weight to match its economic muscle.

In 1999, the EU is expected to name its first high representative for political and security policy. He or she will be responsible for guiding nascent efforts toward the common defense envisaged by the Maastricht treaty on European economic and monetary union.

The complementary Amsterdam treaty, which will come into force after its ratification by national parliaments, provides for the creation of a policy planning and early warning unit, which will work with the high representative, and share the task of plotting long-term

initiatives with the governments.

The Amsterdam treaty will also allow for majority voting under a greater variety of circumstances, making it difficult for a single country to block progress and spurring nations to seek compromises. Elections in June for the European Parliament could strengthen that institution and give the EU more credibility.

During the year, member states will appoint a new executive commission, which will have the task of consolidating the single market in an area containing 370 million inhabitants and 16 million businesses.

There is scope for more action in areas such as transport, tax policy and public procurement. The new commission will also need to get tough on states that have failed to put into effect laws that have already passed — by some estimates, up to 15 percent of single

market legislation on the statute books has not been put into force.

At their summit meeting in Vienna this month, EU government chiefs gave themselves, until a special conference in Brussels in March, to complete the Agenda 2000 negotiations.

The agenda encompasses three interlocking problems, none of which can be solved in isolation from the rest:

- Enlargement to include five new members in Eastern and Central Europe plus Cyprus. Five other Eastern countries are waiting in the wings.
- Reform of the EU's Common Agricultural Policy, which funnels half the EU's \$100 billion budget to a small and constantly diminishing sector of the population, and scaling down of the structural funds — accounting for a third of the budget — designed to help poorer countries catch up with the richer.

• Drawing up of a new budget for the EU between 2000 and 2006.

Forced into austerity mode by the demands of the single currency, no country is challenging the upper limit on EU spending, which stands at 1.27 percent of the union's gross domestic product.

The arguments are entirely concerned with how the pie should be sliced, with Germany at one extreme complaining it pays too much, and Spain at the other extreme defending its turf as the EU's biggest net beneficiary.

Although the positions are far apart, EU officials described the mood at the Vienna summit conference as constructive, giving cause to hope that a solution will be found during the German presidency that will enable the EU to move ahead with enlargement talks when Finland takes over the presidency in the second half of the year.

JOB: Wave of Corporate Consolidations Will Pose Tough Choices

Continued from Page 1

cern it would diminish German influence. But sovereignty concerns also have inhibited cross-border deals in banking, with Deutsche Bank complaining openly that its aim of acquiring a French bank had been stymied by government opposition in Paris.

Despite all the obstacles, however, the momentum of Europe's merger wave appears almost unstoppable. For one thing, even after a record \$549 billion of mergers and acquisitions in 1998, there is still an enormous amount of restructuring to do in European industry.

"Generally, we're still in the early stages" of Europe's merger boom, said Michael Zaoui, co-head of European mergers and acquisitions at Morgan Stanley Dean Witter, which advised on more European mergers and acquisitions than any other investment bank in 1998, including British Petroleum Co.'s purchase of Amoco Corp. and the Belgian-Dutch financial concern Fortis's purchase of Generale de Banque SA of Belgium.

"Most of the true consolidation has happened at a national level so far. We have to move to the next phase of consolidating across borders."

Stock-market analysts, for example, no longer look at companies on the basis of their country but by industrial sector, directly comparing French and German automakers and British and Spanish banks. As a result, Mr. Zaoui said, "corporations will be inclined to do transactions to respond to this new situation." The euro, the common European currency that already has influenced the growth of mergers, will have an even more powerful effect after it is formally introduced at the end of this week. This arrival of a single cur-

rency for 11 countries is forcing companies to think about their futures in pan-European terms and beyond.

"The common currency is going to be a driver for people to do deals for defensive reasons," said Justin Dowley, co-head of European mergers and acquisitions at Merrill Lynch & Co. "The globalization of most industries is making some people feel quite small."

Takeover speculation drove up the share prices of Volvo AB and Bayerische Motoren Werke AG just before Christmas, illustrating that even some of the top names in Europe's automobile industry appear vulnerable now that Daimler-Benz's takeover of Chrysler has set a new standard for the global car industry.

The euro also appears to be having an impact on investor attitudes that heralds a truly pan-European market for stocks and bonds.

Mr. Meltzer of Credit Suisse First Boston said the most significant development of 1998 was the ability of several companies to persuade shareholders in another country to accept their stock in a merger, a key feature in deals such as the \$34 billion combination of the drug companies Astra AB of Sweden and Zeca Group PLC of Britain. Previously, most deals in Europe have been in cash, a factor that has tended to limit merger activity to the biggest and richest companies.

"The fact that we are seeing these kind of transactions means we are going to see a growth of M&A activity in 1999," Mr. Meltzer said.

For the most part, bankers expect mergers to continue at a high level in industries such as pharmaceuticals, banking and other financial services, telecommunications, energy and utilities. The new year also is expected to see

the start of a major consolidation of Europe's aerospace and defense industries. And recent deals between Sieb and BTR PLC in Britain, VIAG and Alstom Lanza Group on the Continent and the speculation about automaker mergers suggests a surge in consolidation among basic manufacturers.

Regionally, bankers predict a surge of activity in France and Italy as corporate restructuring shifts from the privatization of state-owned companies to the shifting of assets or regroupings via mergers and acquisitions. German companies also are expected to remain active, inspired by the bold moves of DaimlerChrysler and Deutsche Bank.

But all this activity will challenge Europe's goal of lowering unemployment. The Kiel Institute, for example, says that German wages will rise by 3.5 percent to 4 percent in 1999, far ahead of an estimated 1 percent inflation rate, as unions seek to take advantage of the recent fall in unemployment and the government sees wage increases as central to sustaining growth.

The jobs issue already is paramount in the minds of corporate executives and their investment-banking advisers. Mr. Zaoui of Morgan Stanley Dean Witter said, "In most transactions we do, the social component is very important, and carefully scrutinized." In contrast to the United States, where some merger partners positively vaunt their job-reduction plans, Mr. Zaoui said, "I've never seen a transaction in which a chief executive has said, 'We need to do a deal so we can lay off 10,000 people.'"

The result is that restructuring can take more time to achieve in Europe than in the United States, Mr. Zaoui said. But that isn't stopping merger deals from being made, he added.

EUROPE: The Left's Challenge

Continued from Page 1

chief economist at Independent Strategy in London, "is that many of the new-left leaders in Europe feel they cannot leave it purely to market forces to lift Europe into a new stage of growth and create jobs."

Mr. McKee pointed out that many leftist European politicians had been elected "too manifest that they will get Europe back to work." Yet, he said, "they bristle at deregulating the labor market and letting market forces bring about employment generation."

J. Paul Horne, a senior economist at Salomon Smith Barney in London, painted a bleak picture of Europe's economic prospects for next year, saying, "I think the thrust of the change in policy direction in Europe is really backwards. I know the leaders want to create jobs, but the approach they are taking is wrong: it is a return to state interventionism."

Mr. Horne said he feared that in Germany, Mr. Lafontaine's policies — especially eliminating tax loopholes for the corporate sector, favoring large wage increases for workers at a time of low inflation and restoring welfare cuts made by the government of Mr. Kohl — would prove to be "a sure way of putting a halt to job creation."

Even Fred Bergsten, a top U.S. economist who has been advising the German government, said it "is still groping, is inexperienced and has big internal divisions about economic policy."

Mr. Bergsten said Mr. Lafontaine would not succeed in lifting growth or creating jobs if he "puts all his attention on the stimulus side." Instead, Bonn, along with other European governments, needs "a more balanced approach that includes making the labor market more flexible."

This more pragmatic approach, many economists say, has been adopted by Mr. Strauss-Kahn. "Let us hope that the Strauss-Kahn approach will radiate out as the German government matures," Mr. Bergsten said.

Mr. Strauss-Kahn, in the interview, made clear that he was no ideologue. "The modern European left," he said, "treats markets as essential institutions." Europe, Mr. Strauss-Kahn said, "has changed." He pointed out that in the battle against unemployment, the "old left" believed in pouring cash into the economy to spur job creation through growth, while conservatives focused on structural reforms such as making hiring and firing easier.

The new left, he said, has made reducing unemployment "a top priority" and "emphasizes a two-handed strategy combining a growth-friendly macroeconomic environment and reforms of the product and capital markets."

Despite Mr. Strauss-Kahn's good intentions, however, the jobs crisis can be expected to be a dominant political and economic theme throughout 1999.

Unemployment may dip slightly in the opening months of next year, but it will rise again or remain high by the end of next year, according to many private-sector economists.

The gap between political rhetoric and economic reality could widen further next year. "If the drive for a more social Europe means a failure to carry through real structural reforms," Mr. Mayer of Goldman Sachs said, "then we could face more than just high unemployment. We could face a political and social backlash over the next two or three years."

COMPUTE: The Post-PC Debate Is On

Continued from Page 1

The forerunners are digital cell phones, such as the Nokia 6000-series phones and the Qualcomm PDQ, and hand-held devices, such as the Palm Pilot and the Motorola Pagerwriter.

If these diverse digital gadgets are an indication, the information appliance market will likely resemble the consumer electronics business, with a flood of different products in every shape and description — a world apart from the beige-box monotony of the personal computer industry.

The post-PC enthusiasts see a future where everything from a household's car to its coffee maker has its own embedded microchips, ready to receive remote instruction. From work, a person could tap into the Internet to, say, program the videocassette recorder and defrost food.

"We're at the beginning of a new age where we will have an explosion of embedded and personal devices," said William Joy, a founder of Sun Microsystems Inc., where he is vice president for research.

Paul Horn, a senior vice president for research at International Business Machines Corp., is another adherent to post-PC doctrine.

"The trend is pretty clear toward a proliferation of different computing devices at the individual level being fed specialized information from powerful networks," he said.

But opponents of such thinking — most notably Microsoft and Intel — deride the post-PC concept as an amalgam of half-truths expounded by the losers in the personal computer revolution.

The PC, the industry incumbents concede, must become smaller, cheaper and easier to use. There is a shift under way, they also say, toward more of the technology and software development being focused not on the desktop but on network web, or server, computers.

Yet all of that, they argue, can and will be embraced by the evolving personal computer industry, which has the capacity to expand both upward to take over industrial-strength corporate computing chores once handled by mainframe computers, and downward into the market for hand-held devices.

"It's not the post-PC era," said Craig Mundie, senior vice president for consumer strategy at Microsoft. "We're entering the PC-plus era."

There will be a place for non-PC appliances, Mr. Mundie allowed, but they will be "complementary to the evolving personal computer" — anchored to the machine, not divorced from it.

What the post-PC revolutionaries underestimate, the industry incumbents say, is the pull of the 250 million people who use personal computers and represent the infrastructure of modern computing.

"When you have hundreds of millions of users, change is evolutionary," Mr. Grove of Intel said. "Computers will become smaller, cheaper and more mobile. But they will be mostly full-function personal computers because people are going to want their same data in a form they are familiar with for years and years to come."

No one argues that the personal computer will go away. Indeed, personal computer shipments worldwide will rise nearly 13 percent annually through 2002, according to an estimate by International Data Corp., a research firm. What the post-PC faithful foresee, though, is a shift away from the personal computer as the dominant computing

technology. They can point to projections from International Data that by 2005 more information appliances linked to the Internet — including television set-top boxes, screen phones and hand-held computers — will be sold than personal computers.

Information appliances, notes Steven Millnirich, a managing director of Merrill Lynch & Co., represent a break in the evolution of the computer industry because they are specialized devices — designed to perform one or two tasks well — instead of the general-purpose computers that both mainframes and personal computers have been.

All of these new appliances will have digital technology in common, but they will be tailored for dozens and dozens of special-purpose niche markets, catering to different needs and users. It will be a more diverse business, far less susceptible to being dominated by a few leading technology vendors, as Microsoft and Intel rule the personal computer industry.

The emerging information-appliance industry has attracted the consumer-electronics giants. Sony Corp., for example, is working to develop a class of devices adapted for what Mario Tokoro, head of the company's Information Technology Laboratories, calls the coming era of "intimate computing."

"The PC was created in the image of the monolithic mainframe of long ago," said Mr. Tokoro, who is a computer scientist. In contrast, Sony expects the information appliance market to produce the Internet's answer to its Walkman products — an opportunity for innovative new devices not available in the mature personal computer industry.

Within IBM, the post-PC world is called "pervasive computing." After a yearlong internal study, IBM has set up a pervasive computing unit to make sure the company's various businesses are attuned to this emerging market.

"We concluded this is going to be a big deal and it's going to change the industry," said Mark Bregman, general manager for the pervasive computing unit.

IBM maintains that change can come without rapid arrival of high-speed data networks that can deliver movie-quality video and audio to information appliances anywhere — the obstacle that opponents of the post-PC concept say will forestall any major changes. Mr. Bregman says the near-term benefits will be conveniences like calling a toll-free telephone number while on vacation and leaving voice-mail instructions so that several specific electronic mail messages you are expecting will be forwarded to you for reading on the display screen of your cell phone.

According to the post-PC doctrine, the obstacle that prevents personal computers from being used by more than some 40 percent of American households is not their cost, which keeps dropping, but their complexity. One of the intellectual leaders of the post-PC movement is Donald Norman, a former researcher at Apple Computer Inc. and Hewlett-Packard Co. whose new book, "The Invisible Computer," proclaims, "The Achilles' heel of the modern PC is its difficulty."

The personal computer, Mr. Norman says, is the Swiss Army knife of modern technology. "While it can fill an amazing variety of needs, it isn't particularly good at any one of them," he writes. The author's conclusion: "Information appliances are the solution."

FILM: DreamWorks' Moses Movie: No Sea of Red Ink, but Megahit?

Continued from Page 9

berg, the record-industry magnate David Geffen and the filmmaker Steven Spielberg. In early October, DreamWorks released "Antz," a computer-animated movie similar in look and theme to "A Bug's Life," but like "Prince of Egypt" aimed at a slightly older audience.

"Antz," which cost an estimated \$42 million and at the time of its release had the animation field to itself, long ago became profitable.

But for DreamWorks, there is perhaps much more riding on "Prince of Egypt," a film aimed at Disney's forte — hand-drawn animation. The effort devoted to making and marketing the movie indicates that Mr. Katzenberg's motivations in building an animation division are based on much more than an ego battle with Mr. Eisner.

"Animation is the source of money that will make DreamWorks work," an executive at a rival studio said in an interview this year.

That is because the profit margins for animated films are generally much higher than for live-action movies. Not only do animated films often generate sales of related products, but they do not depend on costly stars who take either a big share of the upfront money or a percentage of the box office — or both.

The absence of stars also means that the budgets for sequels are not burdened by the demands of ambitious actors in search of ever-higher payouts.

As Mr. Katzenberg well knows, it is a business model that his former employer, Disney, has pursued long and profitably.

David Londerer, a media analyst at Schroder & Co., explained the math this way: "If Disney invests \$10 in a live-action film, they are lucky if they can return \$12 or \$13 that they can keep. For an animated film, they expect to keep at least \$25 on a \$10 investment. In both cases, the return includes profits from soundtracks, videocassettes and merchandising."

In the case of animated films aimed at children, of course, merchandising often means tie-ins with retailers who are eager to turn a movie's expected popularity into an occasion to sell more of their own products.

The Burger King unit of Diageo PLC, for example, has spent an estimated \$25 million to promote "Rugrats." McDonald's Corp. had a similar promotion for "A Bug's Life," which one Disney executive said was worth about \$30 million in advertising.


But DreamWorks did not forge any Mc Moses Fun Meal-type links for "The Prince of Egypt." The sole merchandising tie-in is a deal with Wal-Mart

Stores Inc., which is selling copies of the film's soundtrack that include two coupons redeemable for a movie ticket.

Terry Press, the DreamWorks marketing chief, said the studio had been tweaking its advertising strategy to bring in more families and children after an opening weekend in which 49 percent of those attending "The Prince of Egypt" were adults not accompanied by children. "I have shifted things to be more family-targeted, because we already bring in the adults," she said.

During the opening weekend, for example, newspaper ads for the movie evoked a museum poster — an iconic silhouette of the Moses character, inset with a far-off view of the Great Pyramids. This past weekend, the movie ads evoked a superheroes cartoon, depicting a chariot race between a youthful, bare-chested Moses and the youthful, bare-chested Pharaoh-in-waiting.

Ms. Press disputed industry estimates that DreamWorks had spent \$50 million promoting the film, saying the true figure was closer to \$30 million. She said the discrepancy was due to the fact that most industry analysts are in either New York or Los Angeles and tend — incorrectly, she argued — to extrapolate estimated expenditures in those cities to the rest of the country. "We spend more in those markets because we are trying to impress the industry," she said.



DO YOU LIVE IN THE U.K.?

• Subscribe and SAVE up to 53% off the cover price.

• Also available: PAY MONTHLY by easy, low cost, direct debit.

HAND DELIVERY IN CENTRAL & GREATER LONDON & PARTS OF THE SOUTH EAST.

A cosmopolitan, comprehensive and concise newspaper delivered every day to your home or office. In Central and Greater London and parts of South East England, the International Herald Tribune offers early morning hand delivery on the day of publication, Monday through Saturday.

The result? Unique coverage of the world you live in, brought to you as it changes — daily.

Postal subscriptions are available throughout the UK on the day after publication.

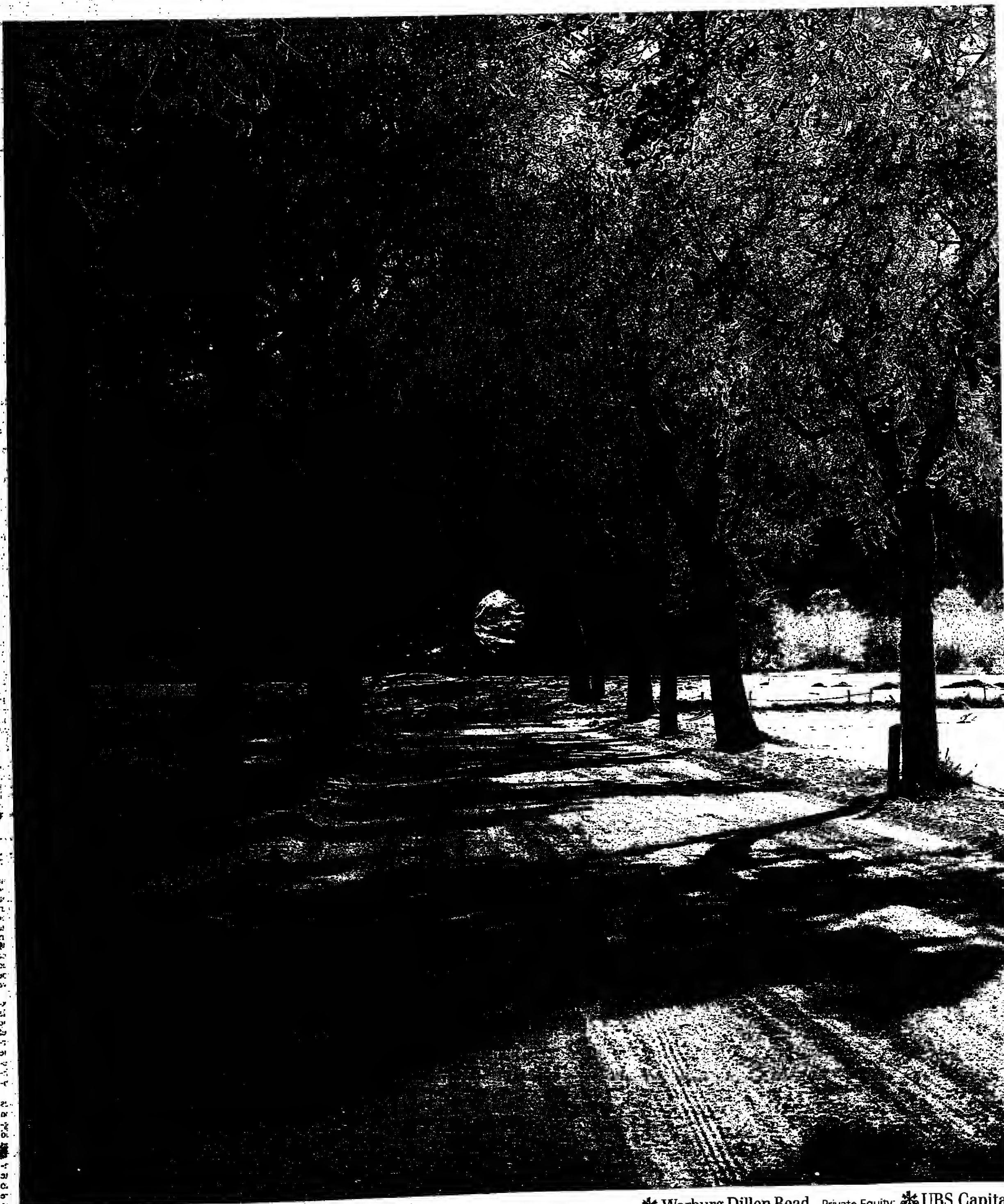
For more information about easy ordering and availability of hand delivery
CALL our Subscriber Customer Service Department:
TOLL FREE: 00800 4 448 7827 (00800 4 IHT SUBS)
or Fax: +44-0171 240 34 17
E-mail: subs@iht.com — Internet: http://www.iht.com

<p>PAYMENT BY MONTHLY DIRECT DEBIT</p> <p><input type="checkbox"/> YES, I'd like to subscribe and have my bank account debited monthly by £19. Please start my subscription and send me a bank form to arrange my payment.</p> <p>PAYMENT BY CHECK OR CREDIT CARD</p> <p><input type="checkbox"/> YES, I'd like to subscribe and pay for the following term:</p> <p><input type="checkbox"/> 12 months (+ 2 months free): £233 (Saving off cover price: 36%)</p> <p><input type="checkbox"/> Special, 2-month trial subscription: £24 (Saving off cover price: 53%)</p> <p><input type="checkbox"/> My check is enclosed (payable to the IHT)</p> <p><input type="checkbox"/> Please charge my:</p> <p><input type="checkbox"/> Access <input type="checkbox"/> Amex <input type="checkbox"/> Diners</p> <p><input type="checkbox"/> Eurocard <input type="checkbox"/> MasterCard <input type="checkbox"/> Visa</p> <p>Credit card charges will be made in French Francs at current exchange rates.</p> <p>Card No: _____ Exp: _____</p> <p>Signature: _____</p> <p><input type="checkbox"/> Please start delivery and send invoice.</p>	<p>YOUR DETAILS</p> <p>Family Name: _____</p> <p>First Name: _____</p> <p>Job Title: _____</p> <p>Mailing Address: <input type="checkbox"/> Home <input type="checkbox"/> Business</p> <p>City: _____</p> <p>Postal Code: _____</p> <p>Telephone: _____</p> <p>E-Mail Address: _____</p> <p>Your VAT No (Business orders only)</p> <p>(IHT VAT No 747 320 211 26)</p> <p>I got this copy of the IHT at: <input type="checkbox"/> kiosk <input type="checkbox"/> hotel <input type="checkbox"/> airline <input type="checkbox"/> other</p> <p><input type="checkbox"/> I do not wish to receive information from other carefully screened companies. UK14</p> <p style="text-align: center;">This offer expires on December 31, 1998 and is AVAILABLE FOR NEW SUBSCRIBERS ONLY.</p> <p style="text-align: center;">Return your completed coupon to: Delphine Prinselaar, International Herald Tribune, 63 Long Acre, London WC2E 9JH. Fax: +44-0171 240 34 17 E-Mail: subs@iht.com</p>
--	--

READERS IN OTHER COUNTRIES CAN SUBSCRIBE BY CALLING:

<p>EUROPE, MIDDLE EAST & AFRICA</p> <p>Tel: +33 1 41 43 93 61</p> <p>Fax: +33 1 41 43 92 10</p>	<p>THE AMERICAS</p> <p>Tel: (USA toll free) 1-800-882-2884</p> <p>Fax: +1 212 755 8785</p>	<p>ASIA</p> <p>Tel: +852 29 22 11 71</p> <p>Fax: +852 29 22 11 99</p>
---	--	---

With the new millennium in sight, here's a thought about the future. We can work together to make a difference. As one of the world's leading banks, our clients tell us we have one very special quality – a commitment to thinking beyond the obvious. Matched by commitment to providing the partnership you need to achieve your future objectives. We wish you happiness and every success for 1999. ❄️ UBS



The 2,600 most traded stocks of the day.
Marketwide prices not reflecting late trades elsewhere.

The Associated Press.

The Associated Press

	12 Month	\$t\$
1980-1981	10.7	1.6
1981-1982	10.7	1.6
1982-1983	10.7	1.6
1983-1984	10.7	1.6
1984-1985	10.7	1.6
1985-1986	10.7	1.6
1986-1987	10.7	1.6
1987-1988	10.7	1.6
1988-1989	10.7	1.6
1989-1990	10.7	1.6
1990-1991	10.7	1.6
1991-1992	10.7	1.6
1992-1993	10.7	1.6
1993-1994	10.7	1.6
1994-1995	10.7	1.6
1995-1996	10.7	1.6
1996-1997	10.7	1.6
1997-1998	10.7	1.6
1998-1999	10.7	1.6
1999-2000	10.7	1.6
2000-2001	10.7	1.6
2001-2002	10.7	1.6
2002-2003	10.7	1.6
2003-2004	10.7	1.6
2004-2005	10.7	1.6
2005-2006	10.7	1.6
2006-2007	10.7	1.6
2007-2008	10.7	1.6
2008-2009	10.7	1.6
2009-2010	10.7	1.6
2010-2011	10.7	1.6
2011-2012	10.7	1.6
2012-2013	10.7	1.6
2013-2014	10.7	1.6
2014-2015	10.7	1.6
2015-2016	10.7	1.6
2016-2017	10.7	1.6
2017-2018	10.7	1.6
2018-2019	10.7	1.6
2019-2020	10.7	1.6
2020-2021	10.7	1.6
2021-2022	10.7	1.6
2022-2023	10.7	1.6
2023-2024	10.7	1.6
2024-2025	10.7	1.6
2025-2026	10.7	1.6
2026-2027	10.7	1.6
2027-2028	10.7	1.6
2028-2029	10.7	1.6
2029-2030	10.7	1.6
2030-2031	10.7	1.6
2031-2032	10.7	1.6
2032-2033	10.7	1.6
2033-2034	10.7	1.6
2034-2035	10.7	1.6
2035-2036	10.7	1.6
2036-2037	10.7	1.6
2037-2038	10.7	1.6
2038-2039	10.7	1.6
2039-2040	10.7	1.6
2040-2041	10.7	1.6
2041-2042	10.7	1.6
2042-2043	10.7	1.6
2043-2044	10.7	1.6
2044-2045	10.7	1.6
2045-2046	10.7	1.6
2046-2047	10.7	1.6
2047-2048	10.7	1.6
2048-2049	10.7	1.6
2049-2050	10.7	1.6
2050-2051	10.7	1.6
2051-2052	10.7	1.6
2052-2053	10.7	1.6
2053-2054	10.7	1.6
2054-2055	10.7	1.6
2055-2056	10.7	1.6
2056-2057	10.7	1.6
2057-2058	10.7	1.6
2058-2059	10.7	1.6
2059-2060	10.7	1.6
2060-2061	10.7	1.6
2061-2062	10.7	1.6
2062-2063	10.7	1.6
2063-2064	10.7	1.6
2064-2065	10.7	1.6
2065-2066	10.7	1.6
2066-2067	10.7	1.6
2067-2068	10.7	1.6
2068-2069	10.7	1.6
2069-2070	10.7	1.6
2070-2071	10.7	1.6
2071-2072	10.7	1.6
2072-2073	10.7	1.6
2073-2074	10.7	1.6
2074-2075	10.7	1.6
2075-2076	10.7	1.6
2076-2077	10.7	1.6
2077-2078	10.7	1.6
2078-2079	10.7	1.6
2079-2080	10.7	1.6
2080-2081	10.7	1.6
2081-2082	10.7	1.6
2082-2083	10.7	1.6
2083-2084	10.7	1.6
2084-2085	10.7	1.6
2085-2086	10.7	1.6
2086-2087	10.7	1.6
2087-2088	10.7	1.6
2088-2089	10.7	1.6
2089-2090	10.	

[illegible]

12 Month	High	Low	Stock	Div Yield	PE	52 Week	High	Low	Latest Cl
24	214	204	Barclays	.77	24	170	224	204	204
25	204	194	Barclays	.77	24	170	224	204	204
26	204	194	Barclays	.77	24	170	224	204	204
27	204	194	Barclays	.77	24	170	224	204	204
28	204	194	Barclays	.77	24	170	224	204	204
29	204	194	Barclays	.77	24	170	224	204	204
30	204	194	Barclays	.77	24	170	224	204	204
31	204	194	Barclays	.77	24	170	224	204	204
32	204	194	Barclays	.77	24	170	224	204	204
33	204	194	Barclays	.77	24	170	224	204	204
34	204	194	Barclays	.77	24	170	224	204	204
35	204	194	Barclays	.77	24	170	224	204	204
36	204	194	Barclays	.77	24	170	224	204	204
37	204	194	Barclays	.77	24	170	224	204	204
38	204	194	Barclays	.77	24	170	224	204	204
39	204	194	Barclays	.77	24	170	224	204	204
40	204	194	Barclays	.77	24	170	224	204	204
41	204	194	Barclays	.77	24	170	224	204	204
42	204	194	Barclays	.77	24	170	224	204	204
43	204	194	Barclays	.77	24	170	224	204	204
44	204	194	Barclays	.77	24	170	224	204	204
45	204	194	Barclays	.77	24	170	224	204	204
46	204	194	Barclays	.77	24	170	224	204	204
47	204	194	Barclays	.77	24	170	224	204	204
48	204	194	Barclays	.77	24	170	224	204	204
49	204	194	Barclays	.77	24	170	224	204	204
50	204	194	Barclays	.77	24	170	224	204	204
51	204	194	Barclays	.77	24	170	224	204	204
52	204	194	Barclays	.77	24	170	224	204	204
53	204	194	Barclays	.77	24	170	224	204	204
54	204	194	Barclays	.77	24	170	224	204	204
55	204	194	Barclays	.77	24	170	224	204	204
56	204	194	Barclays	.77	24	170	224	204	204
57	204	194	Barclays	.77	24	170	224	204	204
58	204	194	Barclays	.77	24	170	224	204	204
59	204	194	Barclays	.77	24	170	224	204	204
60	204	194	Barclays	.77	24	170	224	204	204
61	204	194	Barclays	.77	24	170	224	204	204
62	204	194	Barclays	.77	24	170	224	204	204
63	204	194	Barclays	.77	24	170	224	204	204
64	204	194	Barclays	.77	24	170	224	204	204
65	204	194	Barclays	.77	24	170	224	204	204
66	204	194	Barclays	.77	24	170	224	204	204
67	204	194	Barclays	.77	24	170	224	204	204
68	204	194	Barclays	.77	24	170	224	204	204
69	204	194	Barclays	.77	24	170	224	204	204
70	204	194	Barclays	.77	24	170	224	204	204
71	204	194	Barclays	.77	24	170	224	204	204
72	204	194	Barclays	.77	24	170	224	204	204

High Low	High Low	Do Yr PE	100 High	Low	Low
100	100	100	100	100	100
101	101	101	101	101	101
102	102	102	102	102	102
103	103	103	103	103	103
104	104	104	104	104	104
105	105	105	105	105	105
106	106	106	106	106	106
107	107	107	107	107	107
108	108	108	108	108	108
109	109	109	109	109	109
110	110	110	110	110	110
111	111	111	111	111	111
112	112	112	112	112	112
113	113	113	113	113	113
114	114	114	114	114	114
115	115	115	115	115	115
116	116	116	116	116	116
117	117	117	117	117	117
118	118	118	118	118	118
119	119	119	119	119	119
120	120	120	120	120	120
121	121	121	121	121	121
122	122	122	122	122	122
123	123	123	123	123	123
124	124	124	124	124	124
125	125	125	125	125	125
126	126	126	126	126	126
127	127	127	127	127	127
128	128	128	128	128	128
129	129	129	129	129	129
130	130	130	130	130	130
131	131	131	131	131	131
132	132	132	132	132	132
133	133	133	133	133	133
134	134	134	134	134	134
135	135	135	135	135	135
136	136	136	136	136	136
137	137	137	137	137	137
138	138	138	138	138	138
139	139	139	139	139	139
140	140	140	140	140	140
141	141	141	141	141	141
142	142	142	142	142	142
143	143	143	143	143	143
144	144	144	144	144	144
145	145	145	145	145	145
146	146	146	146	146	146
147	147	147	147	147	147
148	148	148	148	148	148
149	149	149	149	149	149
150	150	150	150	150	150
151	151	151	151	151	151
152	152	152	152	152	152
153	153	153	153	153	153
154	154	154	154	154	154
155	155	155	155	155	155
156	156	156	156	156	156
157	157	157	157	157	157
158	158	158	158	158	158
159	159	159	159	159	159
160	160	160	160	160	160
161	161	161	161	161	161
162	162	162	162	162	162
163	163	163	163	163	163
164	164	164	164	164	164
165	165	165	165	165	165
166	166	166	166	166	166
167	167	167	167	167	167
168	168	168	168	168	168
169	169	169	169	169	169
170	170	170	170	170	170
171	171	171	171	171	171
172	172	172	172	172	172
173	173	173	173	173	173
174	174	174	174	174	174
175	175	175	175	175	175</

[illegible][illegible][illegible]

17

Continued on Page 17

هكذا أحب الله أهل

The 1,000 most traded National Market securities in terms of dollar value, updated twice a year.
The Associated Press

[illegible]

Monday's 4 P.M. Close

[illegible]

ART BUCHWALD

Sleaze and Sinners

NEW YORK — I disagree with *Time* magazine's selection of Bill Clinton and Ken Starr. My choice for Man of the Year was Larry Flynt, publisher of the skin mag *Hustler*. It was Larry who changed the face of American politics.

He was the one who revealed to the American people that Republicans engaged in the same unforgivable sexual activities as Democrats. He found that elected officials of both parties take their pants off the same way.

How Larry discovered this is an interesting story. He put a full-page advertisement in *The Washington Post* offering \$1 million to any woman who had had an affair with a member of Congress or someone in government. Once the ad ran he received hundreds of replies. "It looked like rush hour at Grand Central Station," an editor at *Hustler* told me. "We had to stop after we got the goods on 10 congressmen because we were afraid of running out of money."



Buchwald

Among those caught in the net was Representative Bob Livingston of Louisiana, the soon-to-be speaker of the House, who, while admitting to adultery, maintained that his was different from Clinton's because he didn't lie about it.

Another difference was that after Livingston confessed, he received a standing ovation from his colleagues — which, Republican leaders pointed out, Clinton never received with a similar tale.

Until Flynt's revelations, no one had thought that Republicans sinned. It was believed to be purely a liberal Democratic activity. But now we know adultery is a bipartisan pastime and should not be judged by anyone except those who have never done it or who have done it but still refuse to admit to it.

There are some who say Larry Flynt is too sleazy to be Man of the Year. But anyone who exposes the underside of Washington deserves a crack at the title.

The question Americans must ask: Are we better off today than we were yesterday? If you don't count Monica Lewinsky's dress and Livingston's peccadilloes, we certainly are.

Allegations of Looting Antiquities

BOSTON — The Boston Museum of Fine Arts apparently acquired scores of Greek and Roman antiquities looted from archaeological sites in Italy, the Boston Globe reported.

The newspaper said the museum seemed to have acquired the objects in the 14 years since it says it abandoned dealings in the illicit art market. The Globe said the questionable objects included three valuable Greek vases apparently excavated illegally from 2,300-year-old grave sites in the Apulian region of southern Italy and smuggled out of the country.

The newspaper has been investigating the museum's collections with the help of classical scholars and art experts. It said it found that only 10 of the 71 items in the Greek and Roman collection had any recorded ownership.

The museum declined to comment immediately.

The American Woman Leaves Italy Spellbound

By Alessandra Stanley
New York Times Service

ROME — When Heather Parisi fainted at the end of a dance number on a popular Italian variety show, it was reported on the front pages of Italy's leading newspapers. Wendy Windham, a blonde and buxom sidekick on yet another popular variety show, was mobbed by paparazzi as she went Christmas shopping in the Piazza Navona. Justine Mattera, who does a pale impersonation of Marilyn Monroe on a talk show, is a household name in Italy. So is Randi Ingerman, who recently got her own sitcom, "Men Are All Alike."

Actually, in Italy it is the American women on television who have a lot in common. Like almost every other country in the world except perhaps Burma, Italy imports a large number of U.S. television shows, from sitcoms and soap operas to "ER."

But Italian television's fondness for Americana goes a bit further than most. Almost every variety show — and there are dozens — features what Italians call a *soubrette*, borrowing an old French term for a nubile maid in a theatrical comedy. On Italian television, the ideal soubrette does not necessarily sing or dance, but she is almost always tall, blonde and Californian, and speaks adorably fractured Italian.

"They don't want me to speak Italian well," Windham said, explaining her job description on "I Cerebelloni," a popular variety show centered around inventors and their gadgets. The other requirements are that she wear sparkling gowns with slits and plunging décolleté, and smile while the host, Giancarlo Magalli — who is plump, balding and a full head shorter than she — leans up at her figure and mocks the way she talks.

American accents are funny to Italians. But Italian audiences also seem to delight in the pairing of tiny balding men with towering blonde women.

"It's Beauty and the Beast — the fantasy that even the monster can have the beauty," explained Gianluca Nicoletti, a radio talk show host and television critic. "On Italian television, you never have handsome men. It's short, ugly guys and big, beautiful dumb women."

But some sociologists also see deeper reasons rooted in the Italian fascination with American culture, as well as tiny pangs of subconscious resentment.

"We no longer look to the United States for economic help or political direction," said Franco Ferrarotti, an Italian sociologist. "Now we are fixated on America for its youth, Europeans, and especially Italians, perceive themselves as old. And we are old — 60 percent of us are retirement age. We have a new cultural ideal, which is a youthful, healthy looking American girl."

Ferrarotti, whose own wife is American, added: "She should be beautiful, blonde and have an obvious handicap, like she can't speak the language. That allows us to be patronizing — this perfect girl needs our help."

Offstage, Windham, 31, a Californian who has lived in Italy for nine years, speaks fluent Italian and sometimes has difficulty recalling English. On television, however, she is not supposed to seem clever. "They don't want me to talk," she said. "One time we had Australian investors on the show and instead of letting me interpret, they used instantaneous translators. That made me mad."

But she readily admitted that she has a career and celebrity in Italy



Randi Ingerman, center, on the set of "Ciao, Darwin," is among a wave of American stars.

that she could never hope to duplicate at home. So did Carol Alt, 38, a tall, blue-eyed former supermodel who has starred in several Italian miniseries and now, with the help of dubbing, plays a heat specialist on "Under the African Sky," a new television drama.

"I'd like to work at home, for sure," Alt said. "But I am very happy with what has happened for me here." Asked why she and other Americans were so popular in Italy, Alt replied, "I think Italians find foreigners — how do you say? — *affascinante*, exciting and different."

That may well explain the sudden popularity of Lisa Molton, a member of an international chorus of soubrettes on the game show "The Wolf's Mouth."

Parisi, 38, a dancer who has performed on Italian TV shows for 20 years, was discovered in a Roman discotheque. Last month she fainted on "Caramba, Che Fortuna," while performing a vamping pas de deux. (She later explained that a doctor had given her a overdose of pain-killers for a strained leg muscle.)

Italians love her dancing, but she is just as famous for her brash blonde American image — and pronunciation.

To some, this is a uniquely Italian phenomenon. "These shows reveal a mix of unconscious rascality and also self-mockery," said Gianluca Ferraro, the editor of the Rome daily *Il Foglio*.

"We really don't take ourselves seriously," Ferraro added. "It's a playful fantasy that even men like us can get a tall, beautiful American girl."

Why so many shows cater to male fantasies, even though the audiences for them are predominantly female, is a mystery that does not baffle Daniela Cannizzaro, the cultural critic for Italy's feminist magazine, *Noi Donne*.

"Women may dominate viewer audiences," Cannizzaro said. "But men still make the TV shows."

Parisi, 38, a dancer who has performed on Italian TV shows for 20 years, was discovered in a Roman discotheque. Last month she fainted on "Caramba, Che Fortuna," while performing a vamping pas de deux. (She later explained that a doctor had given her a overdose of pain-killers for a strained leg muscle.)

Italians love her dancing, but she is just as famous for her brash blonde American image — and pronunciation.

To some, this is a uniquely Italian phenomenon. "These shows reveal a mix of unconscious rascality and also self-mockery," said Gianluca Ferraro, the editor of the Rome daily *Il Foglio*.

"We really don't take ourselves seriously," Ferraro added. "It's a playful fantasy that even men like us can get a tall, beautiful American girl."

Why so many shows cater to male fantasies, even though the audiences for them are predominantly female, is a mystery that does not baffle Daniela Cannizzaro, the cultural critic for Italy's feminist magazine, *Noi Donne*.

"Women may dominate viewer audiences," Cannizzaro said. "But men still make the TV shows."

PEOPLE

THE Trappist monks of Kentucky changed the message on their Web site and unplugged the fax machine at the Abbey of Gethsemani after being swamped with orders for their trademark fruitcake, cheese and bourbon fudge. Folks are being told they can still order, but not to expect delivery until April. "Well, we're out of food," said Brother Anselm, head of the abbey in Trappist, Kentucky, about 35 miles (55 kilometers) south of Louisville. Business was so good that the 75 brothers could not keep up with the orders. Since they started taking orders on-line this year at www.monks.org, the monks have seen their business skyrocket.

Fred Rogers has a fish tank and a little red trolley, but a gun? The host of the PBS children's show "Mister Rogers' Neighborhood" has sued Goodwill Industries Inc., a Texas-based chain of novelty stores, for selling T-shirts that display him with his trademark sweater, a smile and a silver handgun. Instead of saying, "Won't you be my neighbor?" the shirt

says: "Welcome to my 'hood." Thomas Wetzach, Rogers's attorney, said: "It's bad for the kids. It's sick humor."

Jackie Chan is a frugal fighter, washing his own underwear and socks every night in a hotel because laundry charges are too high. The action movie star also frets over wasting soap. "I go to the Beverly Hills Hotel, I use the soap one day, two days. I take the shower cap and wrap the soap in it and travel with it," he told the Los Angeles Times. "The new

generation, they just waste it. When we were young we didn't have soap."

Nick Nolte is getting some of the best notices of his career, but his paychecks are not earning many raves. "I'm going broke — compared to the lifestyle I was living," the actor said in the New York Daily News. He said he decided several years ago to avoid big studio pictures in favor of more meaningful roles.

Sean Penn says he has had it with Hollywood — again. "This is it. I'm not going to act in movies again," said the co-star of "The Thin Red Line" and player in Woody Allen's latest, now being filmed around New York. It is an oft-repeated threat, friends of Penn said in this week's New York Times Magazine. "He's not going to give up acting," Jack Nicholson said. "What Sean means is that he would like to give up the thought of making the brand of picture that opens big on a Friday night."

A Cache of Letters to and From 'Mrs. Brown'

The Associated Press

LONDON — Letters exchanged between Queen Victoria and her gamekeeper, John Brown, have been discovered in an attic in Scotland, a British newspaper reported Monday.

The cache had been stored for many years in a trunk belonging to one of Brown's descendants at a home near Balmoral Castle, the royal estate in Scotland, The Times said.

The relationship between Queen Victoria, who was mourning the death of her husband Albert, and her servant sparked many rumors in the mid-1860s — and was also the focus of the 1997 movie "Mrs. Brown." While researching the movie, the executive producer Douglas Rae and the writer Jeremy Brooks were alerted to the letters by one of Brown's descendants, the newspaper said. The woman, who was not named, gave the filmmakers access to the letters.

Rae said the family allowed them to use background material gleaned from the letters, but specific details were kept secret. The discovery of the letters was announced to coincide with the television premier of the film in Britain.



POETRY AND MOTION — The poet and author Maya Angelou, center, directing "Down in the Delta," a film she also produced, in Los Angeles.



(go down in history)

and use AT&T DirectSM Service. With the world's most powerful network, you get fast, clear, reliable connections from anywhere. Plus you'll always have the option of an operator who speaks your language. All it takes is your AT&T Calling Card or credit card, and you're well on your way. What an amazing culture we live in.

For easy calling worldwide:

1. Just dial the AT&T Access Number for the country you are calling from.
2. Dial the phone number you're calling.
3. Dial your card number.



AT&T Access Numbers			
Austria	00-43-1-93-011	Greece	00-30-1-1311
Belgium	00-32-2-500-10	Ireland	00-353-1-800-550-000
Czech Republic	00-42-2-000-101	Israel	00-972-3-94-949
Egypt (Cairo)	00-20-2-2200	Italy	00-39-2-1011
France	00-33-1-800-89-0011	Netherlands	00-31-2-1011
Germany	00-49-3-00-000	Russia (Moscow)	00-7-475-5042
Saudi Arabia	00-966-1-800-10	Spain	00-34-91-00-11
Sweden	00-46-8-75-611	Switzerland	00-41-2-75-611
United Kingdom	00-44-2-800-89-0011	United Kingdom	00-44-2-800-89-0011

For access numbers not listed above, ask any operator for AT&T Direct Service, or visit our Web site at www.att.com/traveler



It's all within you.

Credit card calling subject to availability. Payment terms subject to your credit card agreement. Bold-faced countries permit country-to-country calling outside the U.S. Collect calling is available to the U.S. only. Country-to-country rates consist of the cost of a call to the U.S. plus an additional charge based on the all countries listed above. Pay phone deposit. A limited availability. Calling available to most countries. Public phones require local coin payment during the call. *Dial "011" first, outside U.S. *Additional charges apply outside U.S. *U.S. toll-free numbers are not available in all countries. *If call does not complete, use 0000-0000.